Friday June 16 1989

World News Gorbachev

No.30,870

presses troops cut hopes

President Mikhail Gorbache rounded off his four day visit to West Germany by further projecting his peacemaking image and helding out the image and helding out the long-term goal of removing all foreign froops as well as nuclear weapons from Europe. And he admenished Nato for still sticking to "elements of the old-philosophy of the Cold War" in its proposals for conventional disarmament.

Strasbourg elections Five of the 12 European Com-munity countries voted for the European Parliament and early reports from poll officials predicted that Britain would again register the lowest voter turnout, Page 6

Party implicated

Local Communist party and government officials in the republic of Uzbekistan were implicated in the bloody race riots there, which left more than 90 dead and 900 injured, according to Mr Nikolai Ryzh-kov, the Soviet Prime Minister.

Cools release row

The release of Jan Cools, the Belgian doctor held hostage in Lebanon, threatened to spark a row in the government with the foreign minister sug-gesting that the trade minister might have bought the hos-tage's freedom by unblocking a commercial credit to Libya. Page 4

Reforms approved Chile's four-man military junta, acting as the regime's legislator, approved the consti-tutional reforms agreed two weeks ago by the government and the opposition. Page 3

Soweto amiversary. Militons of black South Afri-cales are expected to stay away from work today to commemo-rate the thirteenth anniversary

Chemicals call The US should show the same

"impetus and panache" in tackling chemical weapons as it had recently shown on the conventional arms front. Mr William Waldegrave, Brit-ish Foreign Minister of State, said in Geneva. Page 2

100% wage rises Attempts to contain Argentina's hyper-inflation crisis took a further blow with pay increases for shop workers, civil servants and university lecturers in excess of 100 per

cent. Page 3

Nuclear plants ban The Yugoslav parliament passed a law banning all future construction of nuclear power

ents or facilities for process

Denktash offers city Turkish-Cypriot leader Rauf Denktash said etimic Turks expelled from Bulgaria could settle in the abandoned Greek-Cypriot city of Varosha.

Soldier shot dead

A 21-year-old British soldier who had been in Northern Ireland just two weeks was shot dead to Belfast when Irish nationalist guerrillas opened fire from a speeding car on

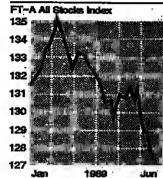
Falling star caught A meteorite containing the components of life, carbon and water, has fallen on New Zea-land and scientists are examin-

Business Summary

Matsushita to co-operate in electronics

electronics and electrical engi-neering group, and Matsushita Electric, Japanese consumer electronics conglomerate, are in passive components such as resistors and valves, confirming the trend towards systematic co-operation and greater rationalisation in the electronics industry. Page 21 UK GILTS: The heavily over-

UK Gilts



All Stocks index closed at 127.54. But currency worries mean the market is still basically nervous. International

which embarised on the \$2.5bn acquisition of five biscuit com-panies from RJR Nabisco, has hit the takeover trail again with the purchase of Hennin-ger Hellas, Greece's second largest brewer, Page 21

SKANDINAVISKA Enskilda mercial bank, is to move an important part of its present currency and financial activities to London. Page 26

ment lifted consolidated net earnings 30 per cent to Y35bn (\$234.2m) in the year on sales which rose 15 per cent to Y864.9bu. Page 25

stock market speculator who sparked a severe crisis on the country's equity markets this week, filed for protection from his creditors. Page 3

day. Page 3

MAIX of growth in West Edit-pean new car sales slowed in May under the impact of fall-ing sales in West Germany and France. Page 2

between Lufthansa and Air China. Page 4

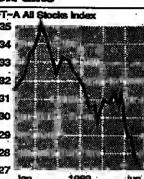
JAPAN will present new pro-posals to the Bush Administration next week designed to defuse its row with Washington over the exclusion of Motorola cellular telephones from the cities of Tokyo and

FRAMATOME, French nuclear plant builder which has diver-sified into electrical connections equipment with the acquisition of Burndy in the US and Souriau in France, is

work agreement with the . Soviet Union opening the way for a wide range of countertrade contracts exchanging

Siemens and

SIKMENS, West German sold UK gilt-edged securities market bounced back over a point buoyed by significant purchases out of the US. The



Capital Markets, Section II

BSN, French foods group

MITSUI Real Estate Develop-

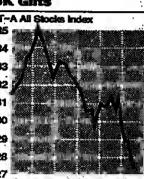
BRITAIN'S current account

Nagoya. Page 6

forecasting a sharp drop in earnings this year. Page 22

FRANCE has reached a frame-French agricultural and food

to pool some of their resources



BRAZIL has reactivated its elaborate daily indexation of the economy as inflation is again reaching 1 per cent a

RATE of growth in West Euro-

CHINESE government approval was signalled for a Y800m (\$212m) joint venture

deficit in the first three months of 1969 was nearly £500m (\$763m) worse than previously thought, according to Government statistics. Page 8

processing machinery and technology for Soviet products ranging from oil to timber. Page 6

STOCK INDICES

Dow Jones Ind. Av. 2,475.56 (-27.80)

New York lancht

S&P Comp

EC set to approve revised rules on insider dealing

COMMON rules aimed at outlawing insider dealing within the European Commu-nity are set to be adopted by EC Finance Ministers in Lux-

embourg next week.

The proposals - significantly modified following flare criticism from the City of London - were approved by a majority of Community ambassadors at a meeting in Brussels late on Wednesday and according to EC officials are now certain to be formally

are now certain to be formally agreed by member states on Monday. Only West Germany, and possibly Belgium, are expected to vote against.

Britain is now understood to be satisfied that the directive as redrafted will not hinder normal trading in transferable recruities that takenesses large. normal trading in transferable securities; that takeovers, large share purchases and legitimate bond market operations will not be affected; and that the scope of the new EC legislation will not inadvertently catch bona fide professionals like stock market analysts and financial journalists.

Recent changes, however, do not fully satisfy the British Bankers Association, one of the UK's most active lobbyists, which maintains that the revised draft legislation

revised draft legislation remains too vague in some

areas: "It is not going to stop our members going about our business and that is a relief", a BBA official said last night. "It BBA official said last night. "It is nevertheless disappointing that something which was meant to co-ordinate member states' legislation is unlikely to be fully effective. It is a classic example of an unnecessary

example of an unnecessary rush at the end of a presidency."

Certainly Spain, whose half yearly term in the Community chair expires at the end of this month, has forced the pace in negotiations over recent weeks and hopes to crown a significant recent recent proced in internal market. cant record on internal market legislation with agreement next week on directives covering cross-border banking and common EC solvency ratios, as well as the new insider dealing

rules.

First put forward by the European Commission in 1987, the insider dealing proposals are intended to close off new opportunities for the unscrupu-lous arising from the forthcom-ing liberalisation of capital movements and the fact that most EC countries do not have their own anti-insider laws. "We want to reassure people that the free flow of capital is not a spiv's charter", one EC

The new rules, which have to be translated into member states' own legislation, will broadly define insider dealing as taking advantage of unpub-lished information "of a precise nature" which has not been made public and where there is avidence that the individual knew what he was doing. It will also establish distinc-

tions between so-called "pri-tions between so-called "pri-mary" insiders - for example, those employed by tha com-pany in question or its advis-ers - and "secondary" insid-ers, those who have acquired the inside information outside

their employment.

It is understood that initial opposition from the UK and Luxembourg was dropped partly as a result of the clarifying interpretative clauses inserted in the text, while the precise relationship between primary and secondary insid-ers has now been established to the satisfaction of most

member states.
West Germany, which like France and the UK already has its own national legislation, still feels that this link has not yet been clearly defined and is unhappy sbout provisions which could oblige the Bonn

official explained yesterday. **British industry supports** full membership of EMS

By Philip Rewatorne in London-

NINETY-THREE per cent of Britain's top industrialists are in favour of the UK joining the in favour of the UK jorning the exchange rate mechanism of the European Monetary System. Nearly half think it should have joined already.

These results – providing strong support for the Chencellor, Mr Nigel Lawson, in his arguments with the Prime Min-

ister, Mrs Margaret Thatcher, over the issue - emerged last night from a Eurobarometer/ Gallup poll of chairmen and chief executives of major British companies and City of Lon-

don institutions.

The poll, published as voting closed in the European elections, showed that 86 per cent of the industrialists believe the British economy is now tied to the rest of the European Com-

By Maurice Samuelson in London

BP, the British energy group, is to sell the bulk of its coal business, including mines and coal reserves in the US, Australia, South Africa and

BP Coal, thought to be worth more than \$600m, is the latest

in a series asset sales by BP to allow it to concentrate on its oil business.

Mr Patrick Gillam, BP man-aging director, said in London yesterday that the sale would

strengthen BP's balance sheet "and place the group in a bet-ter position to take advantage of future investment opportu-

The sale will not include BP Coal'e operations in Indonesia

The sale could influence other major oil companies which invested in coal in the

1970s as a hedge against diffi-culties in the oil industry and which may now be thinking of selling these businesses. Coal as the main fuel for

electrical power stations is becoming less popular in

or Canada.

munity. They see no realistic alternative but for Britain to participate fully in the BC. Three out of five top compa-nies responding to the survey support the establishment of a European Central Bank. Some

45 per cent favour a common currency to replace national currencies, nearly one in two favour the use of the European Currency Unit (Ecu) when doing business with other EC countries - 30 per cent already

There is overwhelming sup-port for the single market in 1992, with 86 per cent believing that it will be "a good thing." In spite of Mrs Thatcher'e concern about loss of sover-eignty, only 15 per cent of industrialists see this as a drawback of 1992. They see

UK energy group to shed bulk

industrialised countries because of concerns about pol-

lution and the increased com-

petition from natural gas.

The announcement of the

sale follows a suggestion last month by Mr David Simon, BP

finance director, that further sales could realise \$1.50n to \$2bn on top of the \$4.3bn expected to come from the sale

of BP Minerals to RTZ, the

Australian mining group.

BP Coal is one of the world's

leading coal concerns, with current reserves of some 1.9hn tonnes of workable reserves. Last year, it produced 29m tonnes of coal and earned \$959m with profits of \$36m. In January, BP announced

In January, BP announced its sale of BP Minerals to RTZ

for \$4.3bn. Sir Peter Walters, BP chairman, said at the time that it was a "happy coinci-

dence" that this corresponded to the sum needed to buy back

BP shares acquired by the

Kuwait Investment Office dur-

ing the the energy group'e privatisation in October 1987.

BP has so far this year sold a

of international coal business

"increased bureaucracy" as a much more significant threat, More than half believe the City of London will maintain its pre-eminent international role after 1992. However, 12 per

But 57 per cent believe protectionism cannot be justified even to avoid negative economic and social consequences, although 42 per cent think it somewhat justified.

Gallup, which interviewed 250 chief executives and chairmen, including those of companies such as British Petroleum, British Gas, ICI, Rolls-Royce, Continued on Page 20 Bank survey, Page 9

further \$1bn worth of assets which include: the Alaskan ofl

operation at Prudhoe Bay,

worth \$543m; 15 per cent of the Magnus offield in the North Sea, worth \$270; as well as chemical interests in Britain

BP has 1.9bn tonnes of coal reserves, of which approxi-mately 740m are in the US, 440m in South Africa, and 570m in Australia.

Of the 29m tonnes of coal produced last year, some 16.2m tonnes, or 56 per cent, came from mines in the US, where

assets include the Old Ben Coal Company's mines in Illin-cis, Indiana and West Virginia.

All are 100 per cent-owned by

BP owns three mines in New South Wales, Australia, which

produce coal for steelworks as

well as power stations. It has a 49 per cent interest in a fourth

In South Africa, it owns 88.5

per cent of a surface mine at Middelburg.

and the US.

ce: the not convinced, and 26 per cent say "it depends,"
About three-quarters of respondents expect 1992 to gen-

tions. A Hong Kong resident studying in Shanghal was detained while attempting to leave the country.

Peking to execute three who took part in protests

By Steven Butter in Peking

CHINA'S first executions since the imposition of martial law appeared imminent yesterday after death sentences were imposed on three men con-victed of burning a train in Shanghai.

The train had ploughed into pro-democracy protesters sit-ting on the tracks, killing six, eccording to government

reports.
The sentences raise the possibility of hundreds of execu-tions of protesters who attacked martial law troops and burned military vehicles. Meanwhile, the Government stepped up efforts to convince the world that life had returned to normal and that policies of economic reform and opening to the outside would not change despite the political convulsions of recent

Weeks.

Zheng Tuobin, Minister of Foreign Economic Relations and Trade, said that while turmoil had damaged China's economy and reputation, the situation had returned to normal, and policies were improved. ing conditions for trade and business.

However, Zheng's message also appeared to threaten the foreign community when he said that China would "make necessary struggles if foreign partners use the crackdown on riots as an excuse to cancel, suspend or postpone their obli-gations."

The government proclamation of a return to normal con-trasted with the tension on the streets, where troops appeared streets, where troops appeared to be preparing for a long occupation of the city. Thousands of troops assembled on Tlananmen Square to hear congratulatury speeches from aging party veterans. Isolated gunfire is still heard at night. The Government said the disturbances had cost the city. disturbances had cost the city-more than Ibu year (\$254m) in direct economic losses. This included the destruction of 60 buses and 14,910 potted flowers. Traffic volume was still not back to normal yesterday,

People's Daily, the official Communist Party newspaper, issued a stern warning to Hong Kong residents not to involve themselves in illegal political activities in China, such as providing funding to dissident student organisa-

Dollar falls back despite cut in deficit

By Janet Bush in New York and Anthony Harris in Washington

THE DOLLAR suffered a sharp setback yesterday, despite an improvement in the US merchandise trade deficit, which fell to \$8.26bn in April from a revised figure of \$9.5bn in

Dollar selling was triggered by a combination of profit taking, reports of repeated inter-vention in currency markets by the US Federal Reserve and disappointment with the upward revision to the March deficit, which was originally reported at \$8.86bn.

After the figures were released, the US currency briefly hit its highest levels against the Japanese yen for more than two yeare and against the D-Mark eince

November 1996.
US Treasury bonds yesterday followed the dollar both higher and lower. At midsession, the benchmark long bond was quoted a full point lower, taking its yield to 8.25 per cent compared with nearly 6 per

cent earlier this week.
On the stock market, the
Dow Jones Industrial Average
plunged 32.09 points to stand at
2,471.27 at midsession. The new trade figures confirm that the US trade balance is again on a firmly improving

is again on a firmly improving trend, as exports continued to grow while imports fell, despite higher oil prices.

The deficit chowe an improvement of \$0.6bn over the \$8.86bn gap originally reported for March, but this has now been revised upwards to \$9.5tm, with exports revised down to \$30.32bn, seasonally down to \$30.32bn, seasonally adjusted, and imports revised

adjusted, and imports revised marginally down to \$29.87bn.

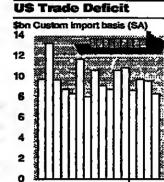
If the growth rates of the last

Market report, Page 44

outlook. The Nikkei average of 225

Analysts said the sharp fall in share prices was triggered mainly by the yen slipping





twelve mouths were maintained, the deficit would narrow to about \$100bn from \$120bu in 1988; but if imports remain stalled, as current slack demand from US consum-

slack demand from US consumers suggest, the improvement could be much greater.
However, Mr Robert Mosbacher, US Commerce Secretary, warned the strength of tha dollar this year may impede improvement in the declining trend. He said that the April deficit was encouraging but warned against putting too much weight on one or two too much weight on one or two

months' figures. The change in exports from March to April reflected small increases in capital and con-sumer goods and a \$400m rise industrial materials, reflecting easier supply condi-tions in the US. Imports of cars were sharply down by \$900m, as local manufacture of foreign models continued to grow, and

Tokyo shares fall sharply

By Michiyo Nakamoto and Ian Rodger in Tokyo

anese interest rates and an uncertain domestic political

leading shares on the Tokyo etock exchange, the most widely followed market index, suffered its biggest drop this year, plummeting 489.90 points to close at 32,913.09.

SHARE and bond prices plunged in Tokyo yesterday as investors continued to be raturally the surge of the dollar market is highly sensitive to control the way the rise in Jap. changes because of the impact they have on the huge flows of

institutional funds. Japanese life insurance companies and other large investing institutions have been stepping up overseas investment because of growing confidence in the US economic outlook and consequently the prospects for the dollar.

The yen's decline has fanned Continued on Page 20



A view of the Thames with something behind it...

Chelsea and the West End.

You may find it hard to believe that you can combine a London riverside lifestyle with all the attractions of Chelsea's Kings Road, Knightsbridge and the West End, at less than a spectacular price.

Sands Wharf, a new masterpiece of Thameside architecture is set in landscaped surroundings in this incomparable location, alongside Chelsea Harbour, The spacious 1-4 bedroom apartments and penthouses, all with river views, are immaculately finished, fitted and equipped. A full range of services include high-

Sunday 12 noon-6pm. Tel 01-731 8566.

speed lifts, basement parking, 24-hour security and free membership of the planned sports centre. You can come and visit Sands Wharf, and admire what's behind it, any day of the week. Prices from £245,000. Show Flats Open: Monday - Saturday 10am-6pm;









Six months after PLO leader Yassir Arafat ical breakthrough by tion is in a quandary over cautious American attempts to foster negotiations between

18,17 16,17 22 40 40 Arts-Reviews World Guid Editorial Comment Euro-options Financial Futures

islamic chic: Fashion trends with a veil of World Trade: 'Taming' wildcat strikes world-Managements US chief executives take a parochial view of competition ___ Editorial comment Strikes and the law; Papandreou'e wasted years Australia: Woomera set for a new lift-off 20 Lex: Abbey National, Markets, BP, British Steel, Johnson Matthey

CONTENTS plans put PLO on the spot

21,22

made hie biggest politmeeting US conditions for talks, the organisa-Palestinians and Israel

Gold International bonds ... Intl. Capital Markets Letters 32 Raw Materials 8,27 Stock Markets -Wall Street -London 33-61 Unit Trusts 34-37

ing samples of rock. MARKETS STERLING

New York be

\$1.53775 (1.5115)

Denmark Copenhagen SE

(9½)
3-mit Treasury Sills: FFr6.8675 (6.8825)
yield: 8:331% (8.40)
Long Bond: 107½ Y149.60 (149.05) (10712) yield: 8.228% (8.16)

New York lates! Contex August \$365.5 (367.5) close 14½% (14<u>%</u>)

\$1,5185 (1,5150) DM3.0725 (3.0750) SE(2.6625 (2.6580) Y227.25 (225.75) DOLLAR Acr 1989 Jun DM1.99675 (2.0340) FFr6.7870 (6.8920) SFr1.7195 (1.7545) DM2.0240 (2.0300) FF:6.8675 (6.8825)

320.45 (-3.38) FT-SE 100 2.129.6 (-4.0) 138.20 (Wed) 32,913.09 (-489.90) Frankfurt 1,776.1 (-7.1) SFr1.7475 (1.7520) Brent 15-day (Argus) \$16.53 (-0.042) (July)

West Tex Crude \$21.05 (+1.025)

Bulgarian

convoys roll

refugee

project hangs on experts' report

THE FATE of West Germany's futuristic, magnetically-pow-ered, high-speed train project, Transrapid, will be decided by the contents of a 300-page experts report on the DM30bn (£9.7hn) project which was yes-terday handed to the Research Ministry.

The private consortium, headed by Thyssen, which is developing the project wants to build a t.000km line from Hamburg to Munich and cut the journey time from the 10 bours to three and a half.

It bopes then to be able to beat Japanese and Soviet com-petition to sell the 500kph system worldwide and especially in the US where there is already considerable interest. However, first, the consor-

tium expects the Government to put up a further DM4.35bn to help build the first leg over the next four years. According to the experts from industry, hanks, the Federal Railways and Lufthansa, that leg could be either Hamburg to Hanover or Essen to Bonn.

Since the project was born in the early 1970s the Government has invested DM1.3bn (compared to privete industry's DM200m) mainly on a 31.5km test track.
It will decide in September

wbether to support the next stage of development.

Thyssen, which is partnered by MBB, working on the track and guidance system, and Krauss-Maffei, working on the vehicle, argues that after initial government support the hulk of the money can be raised privately perhaps along the lines of the Channel tunnel

fund-raising.
The consortium says Transrapid will help reduce conges-tion in the skies and, as It has no engine, is both economic to

Critics fear another technology white elephant and point to the enormous sums that the Research Ministry has wasted in supporting nuclear projects that have subsequently been

They also argue that with the federal railway system planning its own conventional

planning its own conventional high-speed train, ICE, Transrapid is not necessary.

Thyssen insists that e showcese in West Germany is needed for foreign sales but critics question that and also claim that Transrapid is especially sensitive to ice on the track and is therefore more suited to hot climates. suited to hot climates.

run and environment-friendly. One order from the US, the 30km from Florida airport to Disneyworld, is already close to signing, and another from Los Angeles to Las Vegas is possible. Interest has also been shown by Canada, China and Saudi Arahia.

West Germany's railway sys-tem has not been properly restructured since the division of the country and has lagged

WEST	EUROPEAN Janu	NEW CAR		ATIONS
	Makuma		Character 1943	Ph /1/1

	(Units)	Volume Change(%)	Share (%) Jan-May 89	Share (%) Jan-May 88
TOTAL MARKET	6,106,000	+6.5	100.0	100.0
MANUFACTURERS;				
Flat (incl. Lancia & Alia Romeo)	963,000	+9.0	15,8	15,4
Volkswagen (incl. Audi and Seaf)	885,000	+7,5	14.5	14.4
Peugeot (including Citroen)	798,000	+9.4	13.1	12.7
Ford	691,000	+ S.a	11.3	11.5
General Motors (Opel, Vauxhall)	664,000	+ 10.2	10.9	10.5
Renault	623,000	+5.8	10.2	10.3
Mercedes-Benz	195,000	-4.8	a.2	3.6
Austin Rover	182,000	-5.6	3.0	3.4
BMW	177,000	+ 19.8	2.9	2.8
Nissan	177,000	+ 10.1	2.9	2.8
Toyota	149,000	-1.5	24	2.6
Volvo	122,000	+ 1.0	20	21
Total Japanese	647,000	+3.0	10.6	11.0
MARKETS:				
West Germany	1.255.000	+3.9	20.8	21.1
Italy	1,159,000	+ 12.1	18.0	16.0
United Kingdom	1,022,000	+9.1	16.7	16.3
France	962,000	+5.7	15.7	15.9
Spain	488,000	+10.5	8.0	7.7
			Source > to	duntry entimeter

Growth of European car sales slows in May

By Kevin Done, Motor Industry Correspondent

THE RATE of growth in West European new car sales slowed in May under the impact of falling sales in West Germany and France. According to preand France. According to pre-liminary Industry estimates, registrations last month totalled 1.186m, only 0.4 per cent higher than a year ago. Sales for the first five months, at 6.106m, were still running at a record level with a jump of 6.5 per cent from the

corresponding period last year. The continuing strength of new car demand has taken the industry hy surprise following record sales for lour successive years, hut European car-makers are still forecasting weakened demand in the second half of the year. Sales in West Germany, the

biggest single market in West Europe, dropped by an esti-mated 5.1 per cent in May to 254,000; in France they fell by 7.3 per cent to t70,000. Overall, sales last month fell in six of the 17 West European markets, including Sweden, Denmark, Norway and Portugal.

Demand was supported by further big increases of 7.5 per cent in Britain, despite sharply higher interest rates, and Italy. in the first five months sales have risen in all the five main volume markets led by 12.1 per cent in haly, t0.5 per cent in Spain and 9.1 per cent in the UK. The estimated figure for per cent a year ago.

France was 5.7 per cent and for West Germany 3.7 per cent.

New car demand has fallen only in the three Scandinavian countries of Sweden, Denmark and Norwey, and there has been a marginal decline in Belgium and Luxembourg.
The pattern of sales in the first five months has fluctu-ated sharply, with big rises in January, February and April but only marginal increases in

March and May.

Flst and Volkswagen both captured around 15.3 per cent of European car sales in May, continuing the intense fight for continuing the intense fight for market leadership in Europe which ended last year in vir-tual tie. The Fiat group, which includes Lancia, Alfa Romeo and Ferrari, has again taken a clear lead in the first five months, however, claiming an estimated t5.8 per cent of the market compared with 14.5 per cent for the VW group, which includes Audi and SEAT, and t3.t per cent for Peugeot, which includes Citroen.

(Opel/Vauxhall) has emerged as the fastest growing volume carmaker in Europe, however. with a 10.2 per cent jump in volume sales. The success of its Opel Vectra/Veuxhall Cavalier launched last autumn has belped increase its market share to 10.9 per cent from 10.5

W German train | Steelworkers cast a vote for Gorbachev

By David Goodhart in Dortmund

EXCEPT for the enthusiasm of the workers and the quality of the steel, Mr Gorbachev could almost have been on bome ground when he yesterday addressed 7,000 West German steelworkers in Hoesch's gigan-tic Westfalen steelworks in Dortmund.

The final major engagement of his German tour was cer-tainly the warmest and most proletarian and so - the Soviet leader judged - the occasion for a lecture on how he was saving, not burying, "real"

Most of his audience were Social Democrat voters but

Poles face

By Christopher Bobinski

POLES face important choices

this Sunday in the second round of parliamentary elec-tions following Solidarity's

landslide victory in the first round on June 4.

This time voters will be choosing candidates who failed

to win outright majorities in the first round. This time they

need only to win the most

in the first round Solidarity

won outright all but one of the 161 seats allocated to it in the

sein, the lower chamber, but in the 299 seats reserved for the Communist party and its allies were there only five out-

Tight winners.

Thus the remaining contests are almost entirely between rival establishment candidates. The outcome will determine to what extent Solidarity deputies face reformists or hardliners in

the Sejm.

Should Sunday's vote produce too many of either hardli-

ners or reformers — each deter-mined for separate reasons to oppose the election of General Wolciech Jaruzelski, the party

leader, as president - then he could fail to achieve the post and further deepen Poland's

and further deepen Poland's political impasse.
Under a pre-election agreement with Solidarity, the Communist Party is assured of 173 seats in the Sejm, its allies, the Peasant Party (ZSL) 76 seats and the Democratic Party (SD)

27 seats. In addition three offi-cial Catholic groupings received 23 seats. In the first round three of

enough to ignore party orders when reforming policies have

Others like Mr Janusz Kuba-

siewicz the Warsaw Party First Secretary, or Mr Marian Orze-

The French also agreed to

reschedule FFr 7.5bn of deht.

to be defended

votes to be elected.

right winners,

delicate

choice

in Warsaw

electoral

saving socialism elicited only polite applause.

However, when he reminded the workers of the Ruhr that their fathers had shown solidarity with the young Soviet Republic in the 1920s, the sons responded with some "Gorbi, Gorbi" chants.

There was also lond

applause for anyone who said that Hoesch steel should not be used to build bombs. Mr Gorbachev said the Soviet Union was well aware it did not live in a vacuum but in

a world full of troubles and unrest. "We do not claim a monop-

oly on truth. Our policies are an invitation to all governments and peoples to search for ways to a better world," he

This part of his speech, a departure from his prepared text, was punctuated by thunderous epplause.

But the high-point of the

hour-long meeting came when Mr Detlev Robwedder, chief executive of Hoesch, presented Mr Gorbachev with a replica of an electronic voting machine which a Hoesch subsidiary is installing in the Supreme

In a joke which may have

been deliberately double-edged the replica machine was promed only to allow victory

for Mr Gorbachev, The great and the good of the West German labour movement were there. Mr Willy Brandt, former SPD Chancellor, got the higgest cheer as he always does on these occasions. Mr Otto Lambsdorff, the Free Democrat leader, who had also been invited, got the loudest boos.

Mr Werner Nass, head of the Hoesch works council, and the man who invited Mr Gorba-chev two years ago to draw attention to job losses in the steel industry, proposed that the Soviet leader should receive the Nobel Peace Prize next year.

ship was well-meant, and does have some historic roots, it also gave off a hollow ring.

onwards By Jim Bodgener in But although the comrade Istanbul

Only a few days before in a newspaper interview Mr Roh-wedder, who is himself a Social Democrat, said that the Soviet Union would only solve its economic problems when it adopts private ownership, competition and proper incentive and pric-

In other words, Capitalism.

ALL week, small, sad convoys of deported Bulgarian Turks have been trailing through the Kapikule gate on the Bulgarian border and onto a single lane snaking across the rolling Thracian farmland. They are heading for letanbul

Thracian farmland. They are heading for Istanbul.

These are ordinary, decent people – peasants, professionals and townspeople. in any other country they would be solid citizens. Instead, they have been rudely torn from hearth and home by the Bulgarian anthorities who are seeking to suppress their Turkish and Islamic heritage.

They say that whole villages and towns have been uprooted in north east and southern Bulgaria, where a Turkish community of 1.5m had existed. All this week, around 3,000 have been crossing the border daily, bringing the total to more than 20,000 yesterday after two weeks. And the flood is not about to stop.

"Policemen with dogs came in the night and told us to get out," said Miran Mehmetoglu, tearfully.

tearfully.

Others speak of being hustled on their way with police truncheons; almost all have horror stories of police and militia hosing, beating and machine-gunning demonstrators in the upsurge of protest since early May.

of course, many had wanted to escape from the country and from persecution, but not for their departure to be suddenly announced by a hammering or

announced by a hammering on doors, flimsy passports with three month "tourist" visas thrust into their hands, and a rough order to pack up and go with a few hours grace.

"I didn't even have time to draw my money out of the bank," said Arif Mehmetoglu.

The frenzied haste with which possessions have been scrabbled together into hundles is evident from the debris of so many lives strewn of so many lives strewn throughout the compound on

throughout the compound on the border post – iron bedsteads, heaters, pots and pans, even a toddler's pedal car.

The Turkish authorities are struggling to cope with the homeless, although tent to accommodate up to 25,000 were pitched yesterday in towns close to the Bulgarian border. Some refugees were being sheltered in schools and other government buildings; others had spent the nights out in the open at Kapikule. Indy Dempsey adds from Sofia: Bulgarians officials insisted that force was not being used. "This is simply

being used. "This is sluppy part of our new liberal pass-port policy" a senior official commented. Other officials insist that "these people are free to return to Bulgaria whenever they like. We will always welcome them back."

always welcome them back."

Whatever the explanation for the expulsion policy, the Bulgarian eutborlties are creating potentially serious problems for themselves.

One is an acute labour shortage. Many of those who have left are agricultural labourers and factory workers. The exocus has already left to discontinuous the state of the serious has already left to discontinuous the serious has already left to discontinuous the serious has already left to discontinuous the serious serious has already left to discontinuous the serious serious has already left to discontinuous terms of the serious serious

and factory workers. The exo-dus has already led to discon-tentment in several enter-prises. The Bulgarian medie has called on factory managers to exercise their full powers Many dentists, engineers and technicians are also leeving. Even Mr Chavdar Mladenov, the deputy head of the Balkan

Even Mr Chavdar Mladenov, the deputy head of the Balkan department et the Bulgarian Foreign Ministry, described the exodus as a tragedy.

Mr Orlin Zagarov, a Turkish-speaking member of the Bulgarian Netional Assembly echoed the official line that Bulgerie's Moslem citizens were not ethnic Turks. "There were not ethnic Turks. "There is no ethnic Turkish minority," he said, adding the oft-repeated claim that "under Ottoman rule, Bulgarians were forced to change their names and culture and adopt the Turkish norms." iorms."

Moreover, today, Mr Zagorov

Moreover, today, Mr Zagorov sees little reason to have ethnic rights for the Turkish speaking people. "We would have to see if there was a need for lt," he says, adding that because 150,000 of "these people" emigrated to Turkey between 1967 and 1978, any reason to provide cultural facilities for Turks had disappeared. In terms of foreign policy considerations, Bulgsriz appears to have destroyed any chance of improving its image.

Ryzhkov says local Communist officials took part in Uzbekistan race riots

By Quentin Peel in Moscow

LOCAL Communist party and government officials in the republic of Uzbekistan were implicated in the bloody race riots there, which left more than 90 dead and 900 injured, according to Mr Nikolai Ryzh-kov, the Soviet Prime Minister. As the debate raged on whether the rioting was a symptom of Moslem fundamentalism, or a combination of ethnic rivalry and economic depression, Mr Ryzbkov revealed his own horror at the approximation committed in the streeting committed in the streeting committed. atrocities committed in violence between the majority Uzbek and minority Meskhetian Turkish community in the Fergana valley, in the Alay mountains south of Tashkent. "Murderers and rapists will account for their crimes under the law," he said in a specially-televised report from the scene, "But the Communists who tarnished the prestige of the party, and the good name of the Uzbek people, have spe-cial responsibility."

Turkish refugees from the

Turkish refugees from the region reaching Moscow have claimed that the mobs of rioting Uzbek youths who attacked Meskhetian homes in Fergana and neighbouring towns were apparently well-organised, and liberally supplied with vodka. Turkish leaders denied any fundamentalist involvement, but both Mr Mikhail Gorbachev, and dissident sources, have claimed the contrary. Mr Almaz Estekov, leader of an informal group called Islam and Democracy, told the under-

and Democracy, told the under ground newspaper Glasnost that "orthodox Moslems" were

Waldegrave urges US action on chemical arms

By William Duliforce

In the first round three of the five who wen outright did so only because they had Solldarity's backing.

Among the candidates standing on Sunday are some "official" ones who are heart and soul with Solldarity and whose party membership is no more than a formal record of a long lapsed loyalty. Solidarity civic committees have been identifying these in the past few days and have been recommending them to voters who care to ask. THE US should show the same "Impetus and panache" in tackling chemical weapons as it had recently shown on the conventional arms front, Mr William Waldegrave, British Foreign Minister of State, said them to voters who care to ask. Aiready it is estimated within the Peasant Party that et least half e dozen of those elected will vote with Solidarity straight away. And another six of the Democratic Party candi-dates will go the same way.

Foreign Minister of State, said in Geneva yesterday.

Mr Waldegrave also urged the Soviet Union to publish more data on its chemical weapons, where "evasion and distrust are currently e major obstacle to progress". Moscow has still not disclosed enough detail about its stockpiles to eatisfy Western promitions in dates will go the same way.

But also representatives of
the various hues of opinion in
the official party are standing
and many Communist candidates while not open Solidarity
supporters will be liberal satisfy Western negotiators in chemical arms talks which resumed in Geneva this week. Mr Waldegrave said the US attitude would be crucial in deciding whether the very real chance to move towards an chowski, a conservative member of the Polithuro, represent the hardline wing of the party and they too could be elected, unless Solidarity supporters international agreement ban-ning chemical weapons could be realised during the current session in an earlier session the talks failed to meet the unless Solidarity supporters turn out to vote against them.

• President François Mitterrand met Mr Lech Walesa, the Solidarity leader, in Gdansk yesterday. During his three-day trip Frence has offered Poland FFr 150m (£14.3m) of short term trade credit and FFr 500m credit for food processing, hotel development and other industrial projects once Poland has negotieted a standby agreement with the International Monetary Fund.

The French also agreed to expectations raised by the conference in Paris in January, et which 149 nations called for elimination of chemical arms. Negotiators have blamed lack of leadership by the US, which in turn they attribute to delay by President Bush's administration in completing its review of defence policy and in nominating officials. Agreement on how to weight ment on bow to verify e ban on chemical wespons remains the negotiators' top priority. No consensus can be reached until



Frightened eyes of a Meskhetian child in a refagee camp look out on a hostile world

at the head of the riots. "The majority of Moslems of Central Asia believe that Allah turned to central Asia after the Soviet army was defeated in Afghanisten," he said. He predicted that the conflict would continue, because orthodox Moslems had great influence with the rioters, and now believed in "the liberation of central Asia from Soviet power at any price."

Mr Ryzhkov, who has now spent four days in the riot zone, revealed the deep con-cern of the Soviet authorities at the race riots. He said that the desire of the

Meskhetian community to return to their homeland in Georgia, from which they were deported by Stalin in 1944, had been considered for many years, but the situation remained "very complicated."

The truth is the Georgian authorities oppose their return. Mr Ryzhkov underlined the threat felt not only by the Turks, but by other minorities including Russians themselves, and Crimean Tartars, at the upsurge in violent Uzbek.

The Interior Ministry, which has up to 12,000 troops in the area, said the situation was

Palme murder trial in balance

THE WIDOW of Sweden's murdered Prime Minister, Mr Olof Palme, has been asked to appear in Stockholm's High Court on Monday to give evidence in the trial of Mr Christer Pettersson (42) who is charged with the assassination. What she has to say looks likely to decide whether the trial can continue for very much longer, but it is by no means certain she will agree to come to the court.

The whole trial has degener-eted into a farce and e national scandal and threatens to inflict lasting harm on the integrity of the legal system. It seems increasingly likely that the trial will have to be abandoned unless Mrs Palme can clearly identify Mr Pettersson as the man who killed her husband. Her own conduct in the trial

ent and no recordings, broad-casts or drawings made. She also insisted that Mr Petters-son was not present.

Extraordinarily most of the judges have agreed to all but one demand. Mrs Palme will have to participate in an open court. But the international medie in particular are ont-raged that they will not be able to report her evidence in full because of the limited number of seats in the courtroom. Most of them sit in an adjacent room

and hear and watch the pro-ceedings on a videoecreen and this facility will not be shut off during Mrs Palme's appear-

Yet Lisbeth Palme is the only person who stands in the way of Mr Pettersson's release.

The prosecution case had relied from the beginning on purely circumstantial evidence on the testimans of the prosecution of the standard of the dence, on the testimony of several of Mr Pettersson's acquaintances, many of them drug addicts, alcoholics and

Over the past few days they have appeared in the court and repudiated the sworn testimonies they gave the police. Some have suddenly lost their memories and can no longer display any certainty about the events of the night of the murder.

Swiss franc forecast to stop falling

By William Dullforce in Geneva

THE SWISS franc, which has been unusually weak during recent months, will prohably settle within a long-run trading range of SFr0.85-0.90 to the D-Mark, the Union Bank of Switzerland (UBS) says.

After fluctuating for a five-year span within a narrow range of SFr0.80-0.85, the franc exceeded 0.85 in January and continued to depreciate, not only against the D-Mark but against all other main currencies. This has undermined its reputation as a hard currency and added to Swiss bankers' doubts about attracting foreign doubts about attracting foreign capital for management.

UBS criticises the Swiss National Bank (SNB) for not national Bank (SNB) for not conducting a more restrictive monetary policy in the first half of 1988, thereby contributing to the change in the SFr-DM exchange rate since the beginning of this year.

However, it believes the SNB has restored the credibility of its price-stabilisation policy by pursuing a more restrictive pursuing a more restrictive line since last autumn and paved the wey for a more robust performance by the

Analysing the influence of fluctuations in dollar exchange rates on the SFr-DM rate, UBS

refers to the "espresso coffee cup effect". A given volume of coffee poured into an espresso cup reaches e higher level than cup reaches e higher level than in a normal cup.
Similarly a given capital flow into the dollar depresses the franc more than the D-Mark, since the size of the Swiss market is significantly smaller than that of the West Carmen market. German market. UBS considers another

important factor has been the perception that EC liberalisation and deregulation on the main international financial markets will weaken Switzer-

Italian business leaders trumpet the triumph of capitalism

the US settles its position.

By John Wyles

THE GROWING conviction in the democratic capitalist world that a triumphant victory has been won over Marxist state socialism was given ample expression at a conference of Italian husiness leaders last

Confronted with murderous turbulence in China, political upheavals in Eastern Europe and the economic failures which prompted Soviel perestroika, the conference at a sparkling Ligurian seaside resort purred with pleasure as Mr Sergio Pininfar ina, president of the Italian industri-alists' organisation. Confindustria, declared: "Capitalism has won in the

No one disagreed with Prof Michael Novak, the American philoso-pber, that capitalism had seen off its Marxist opposition because il allowed the fullest expression of man's creative and human instincts: but Italian businessmen seemed

outlook for the market economy. out that as society's material wants emerging in Italy and elsewhere.

ing popular acceptance of the mar-ket too much for granted; anti-busi-ness sentiment hased on environmental and unemployment issues could become "anti-market" sentiment. The sociologist Prof Mario Deaglio

the market was producing a breed of entrepreneur with a "use and throw away" attitude to people which, allied to the emergence of "a system-etically disadvantaged underclass", could sap popular support for the system. "Democretic capitalism must not deny, reject and ignore the values of socialist democracy. It must seek to embody them more fully," said Prof Deaglio.

Covernments could and did intervene with some egalitarian intent to

curh social inequities, but Prof Monti doubted they would have the same freedom to do so with the arrival of the European CommuniItalian capitalism going?" - again highlighted the tensions constantly

highlighted the tensions constantly simmering between the Flat camp, represented in Liguria by the group's managing director, Mr Ceaare Romiti, and the president of Olivetti, Mr Carlo De Benedetti.

According to the latter, the fact that "capitalism is no longer in question" was "the most significant turning point of the 80s" in Italy. But Italy lacked "real capitalism" and a "real market" because industrial nower was held in too few hands.

and the "intelligent" capitalists.

The former held that capitalism had triumphed because the Italian Communist Party was in decline and they had succeeded in strengthening their own economic and political power. The opposing group, to which Mr De Benedetti belonged, "under-stand that in reality this triumph

does not exist."
The following day, Mr Romiti, ever one to run towards the sound of gunfire, waved a copy of the morning's Communist party newspaper l'Unità, with a pro-De Benedetti headline to imply he knew to which camp the Olivetti chief belonged. For his part, Mr Romiti wanted Italian politicians to ebandon their "18th century ·logic" and confront the economy's

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world . . because it is the most efficient system of production and the most able to satisfy the material needs of the world's population."

uneasy about whether, having won the war, they could win the peace. Most of their doubts centred on Italy's capacity to rise to the chal-lenges of global markets and economic integration in Europe, hut some also worried about the broadet

Mr Antonio D'Amato, president of Confindustria's young business-men's section, was the first to point were increasingly realised, a preoc-cupation with quality of life was

Until now, the main conflict indus-trialists had had to deal with had been with their workforces, but quality of life issues, particularly the environment, were putting them at odds with society at large. Prof Mario Monti, a top private economist, saw a real danger of tak-

thought the need for external rules ty's internal market.

Organised by Confindustria's young business wing, the central theme of the conference - "Where is to guarantee "moral" behaviour remained en important weakness of cepitalism. The freer play which countries had been steadily allowing

power was held in too few hands, financial markets were inadequate end politicians were ectually obstructing their development. But industrialists also had their

responsibilities, and according to Mr De Benedetti they were now split in Italy into two camps: "stone-age"

AMERICAN NEWS

Brazilian speculator files for bankruptcy

Mr Najl Robert Nahas, the Brazilian stock market specu-lator who sparked a severe crisis on the country's equity markets this week, has filed for protection from his credi-

tors, John Barham reports from São Paulo.

Mr Nahas's bankruptcy pro-ceedings will only cover his companies. He is held liable for personal cheques he wrote to cover his position in the

stock markets.
Selecta, his company, controls a broad array of subsidiaries with activities that include banking, insurance, mining and agriculture.

Market operators are still unclear to what extent Mr Nahas operated as an individ-

ual.

Last Friday, Mr Nahas failed to honour \$31.1m in debts to his brokers, furring the Government to suspend stock trading on Monday. The markets re-opened on Tuesday with a 10 per cent limit on share price oscillation.

The São Paulo exchange yes.

The São Paulo exchange yesteday lifted the limit for the stock options market, and said it would also be listed on the equities market as of today.

Mexican arrest

Mr José Antonio Zorrilla Pérez, Mexican former federal

Pérez, Mexican former federal security chief who was charged this week with the murder five years ago of Manuel Buendia, a leading journalist, was arrested late on Wednesday, Richard Johns reports from Mexico City.

He is also accased of drug trafficking and is reported here to have given protection to dealers such as Miguel Angel Felix Gallardo, who was apprehended in April, connected to the Medellin drug cartel based in Colombia.

nected to the Medellin drug cartel based in Colombia. It is believed that Buendia, a leading investigative journal-ist, knew of Zorrilla's links with drug traffickers and that was why the police boss— alleged "intellectual author" of the crime - arranged for his killing.

Peru wage rise

President Alan Garcia has raised . Peru's., minimum mouthly wage by 22.2 per cent to 108,000 intis (\$50.7) from 84,000 intis, Reuter reports He issued the decree as

strikes spread throughout the public sector, affecting hospi-tals, courts and the electrical company.

The government had come

under political pressure to decree a mid-month wage increase after inflation had hit 28.6 per cent in May, bringing it to 470 per cent so far this

IFC review

The International Finance Cor-poration, the private sector affiliate of the World Bank, has started a preliminary review of a possible capital increase, Sir William Ryrie, the IFC's head, said in London yesterday, Stephen Fidler, Euromarkets Correspondent,

reports.
The IFC has been growing at about 25 per cent a year, a rate which cannot be continued for much longer than two more years without a capital increase. Its last authorised capital increase, to \$1.3bn, was agreed in 1985.

Caribbean return

The British Council, Britain's principal agency for cultural relations, will resume its activities in the Caribbean after an absence of more than 15 years, writes Robert Mauthner, Diplomatic Correspondent, The new representation – to be based in Kingston, Jamaica, but covering the entire Carib-bean region - will be funded by part of the for increase in the Council's government grant announced last autumn. The new British Council Representative will be Mrs Gillian Roche, who has been Director of the Council's Libraries Department since

Panama talks urged

A visiting delegation from the Organisation of American States has proposed that the Panamanian military, government and opposition officials hold talks designed to resolve the country's crisis, AP reports from Panama City.

The proposal was announced at a news conference late on Wednesday as the delegates prepared to leave the country after a visit designed to study ways to resolve Panama's troubles, which despended during elections last month.

The delegates have until July 19 to deliver a report to the OAS, based in Washington.

Bush firm on S&L capital rules

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday stepped up his lobbying to prevent any weakening of tough new capital requirements in the savings and loan rescue plan, now in the final stages of debate by the House of Representatives.

The new Democratic leaders in the House yesterday sought to shift attention away from their recent internal troubles and resignations to their domestic policy agenda by promising swift action on the savings and loan legislation, and by challenging Mr Bush over minimum wages.

He yesterday wrote to Republican and Democratic leaders in the House, saying amendments proposed to capital standards agreed by the House Banking Committee "would render this bill unac-

MR David Ruder, Chairman of

the US Securities and Exchange Commission, said

yesterday he was reluctant to leave the SEC until a replace-ment had been named and

approved by Congress, Reuter reports from Washington. Mr Ruder has said he

intends to return to privete

life. But after testifying before a Senate securities subcommit-

tee hearing, he told reporters. "It is not possible to have strong leadership with an act-

ing chairman. I am reluctant to leave without a replacement.

Mr Ruder said he did not

know for sure who his replacement might be.

He noted that when he was named to the chairman position he took a job that had

been vacant for two months, a situation he would not like to

see duplicated again. of secur Earlier, Mr Ruder told the summer.

Ruder reluctant to leave

SEC job until replaced

ceptable to me". His implicit threat to veto it arises over Republican-spon-sored amendments that would allow as much as \$20bn of "supervisory goodwill" to be included in the calculation of tangible net worth. Any such amendment, he said, would permit some firms to maintain \$600bn in loans without investing a dollar in tangible capital.

Mr Bush argued that the matter "goes to the very heart of my determination to clean np the abuses of the past among the savings and loans".
His view is that using goodwill in this way would allow savings and loans institutions to operate without risking any of their owners' capital.

The president has also opposed proposals for the

×. 2. **

77 5 H 11+ 21

\$50bn cost of the rescue plan to be financed within the budget, but subject to a waiver of the Gramm-Rudman-Hollings deficit reduction law.

The administration will be The administration will be working in alliance with most of the Democratic leaders on this hill, but is set for e continuing conflict over raising the minimum wage. The Democratic field less on Weldbrecky. crats failed late on Wednesday to find sufficient votes for the two-thirds majority needed to override the president's veto of the minimum from \$3.35 an hour to \$4.55. However, they immediately went on the counter-attack.

Meanwhile, though, congressional leaders have begun discussions on a possible compromise, given Mr Bush's refusal

to raise the minimum above \$4.25. This could turn on the timing of the phased increase and also on the terms of the proposed sub-minimum training wage. The administration has talked, as an alternative, of extending the earned income tax credit to help the working

Mr Edward Kennedy, Democratic chairman of the Senate labour committee, has intro-duced a bill identical to the one duced a bill identical to the one vetoed. Hs said: "The president should understand that this is an issue on which Congress has only begun to fight. I would prefer to work out an acceptable compromise with the administration. But, if that is not possible, we will try to enact e measure that has the support of a veto-proof majorsupport of a veto-proof major-

Supreme Court decision marks civil rights setback

THE US Snpreme Court yesterday reaffirmed its landmark 1976 civil rights ruling that outlawed racial discrimi-nation in all private contracts, Reuter reports from Washing-

But, in a separate ruling, the court made it more difficult for women and minorities to contest successfully certain lawsuits alleging racial harassment in employment.

The justices, by e 9-0 vote, declined to overturn the 1976 ruling that upheld a law, passed soon after the Civil War, which prohibited racial discrimination in private con-

The 1976 ruling allowed black people to take legal action against private schools for denying them entrance on racial grounds. The law has also been applied to a wide range of private activities,

including employment, hous-ing and education. But the justices, led by the

court's conservative majority, then ruled by 54 that racial harassment suits against employers may only be brought for alleged conduct at the time the contract was

US civil rights groups had feared that the court — which has become more conservative in recent years, reflecting the views of the justices appointed to the bench by President Reagan - might even go so far as to overturn its 1976 ruling.

The Suprema Court has issued a number of decisions this term that have represented setbacks for civil rights groups, and for programmes designed to help women and ethnic minorities recover from the effects of past discrimina-

FINLAND ON THE WORLD STAGE

Chilean junta approves reforms

By Barbara Durr in Santiago

CHILE'S four-man military junta, acting as the regime's legislator, has approved the constitutional reforms agreed two weeks ago by the govern

two weeks ago by the government and the opposition.

The reforms will smooth Chile's transition back to democracy after 16 years of military dictatorship. Air Force General Fernando Matthei, e junta member, said the reform package "permits us e conpackage "permits us e con-trolled and soft landing, which

trolled and soft landing, which is what we want".

The changes must now be approved by voters. The country's leader, Gen Angusto Pinochet, wes yesterdey to announce a plebiscite for some time between July 30 and August 7. A favourable vote is expected.

expected.
The reforms will relieve the next elected government and congress from the kind of long conflict over how to reshape government institutions that Brazil has suffered. The Chilean opposition is promising further amendments in next year's congress, but it does not now appear that the military's 1980 constitution will be

thrown out.

For the military, an agreement on preserving – at least in large part – what is considered its most important legacy was critical. Gen Pinochet had been reluctant to amend the charter et all, and it is widely believed he was forced to swal-low the changes by the more open-minded members of the junta and the chief soft-liner of the regime, Mr Carlos Caceres, the Minister of the Interior.

The opposition has so far said that while it is not entirely happy with the reforms it will "acquiesce".

Brazil revives daily economic indexation

By John Barham in São Paulo

BRAZIL HAS reactivated its elaborate daily indexation of the economy as inflation is again reaching 1 per cent a

day. Late on Wednesday, the Finance Ministry steted it would reintroduce crawling peg devaluations of the new cruzado. It is also to reintrodnce e daily indexation factor, allowing the economy to adjust prices and contracts for infla-

tion every 24 hours. Businessmen had been clam-ouring since April for the return to full indexation. The decision formally buries

the moribund six-month-old Summer Plan. It was introduced to rein in inflation, which had hit 37 per cent in January, by freezing prices, ebolishing indexetion and

Instituting a new currency.

The government hopes that re-indexation will calm the country in the face of yet

another bout of runaway infla-

Mr Mailson da Nobrega, Finance Minister and architect of the plan, said: "The game of expectations over price increases is more dangerous than anything else." The Summer Plan was the

edministration's third emergency policy to contain rising inflation. Commentators, busi-nessmen and the financial markets now ewait a fourth plan in August, which would temporarily dampen inflation before the November 15 presidential

Daily exchange rate adjustments will spur exports. blocked by an overvalued cur-rency, and improve govern-ment finances by insulating its tax revenues against inflation. The move is also planned to quell speculation and reduce the cost of financing public

Argentine inflation stoked by high pay increases

By Gary Mead in Buanos Aires

ATTEMPTS to contein Argentina's hyper-inflation cri-sis took e further blow yesterday with pay increases for shop workers, civil servants and university lecturers in excess of 100 per cent.

University lecturers were awarded a 242 per cent increase. More than 1m shop workers and 120,000 federal

civil servants will have their salaries immediately doubled, The latest ewards follow sim ilar increases this month for many industrial workers. The increases are scarcely suffi-cient to keep pace with infla-tion, which hit 78.5 per cent for

May. Some independent ana-

THE INTEGRATOR CONCEPT

* Yechnology Data Benfa

lysts calculata thet it may reach as much as 140 per cent

for June.

Mr Jorge Triaca, who is soon to take over as Labour Minister, said that as soon as President-elect Carlos Menem takes over — probably in the first week of July — e system of weekly wage payments would be introduced for the private and state sectors.

and state sectors.

Mr Triace's proposal for weekly wages is seen as e clear indication that Mr Menem's government expects the inflation crisis to persist for some time, even though Mr Triaca spoke of the measure as being

Midwest welfare goes to work

Lionel Barber visits Wisconsin

among the most generous in the country. Even so, there has always

been a penny-pinching streak in the ethnic Germans among the population, which might explain why the state welfare system is under siege. An alli-ance of powerful Republicans and Democrats is arguing successfully that Wisconsin's relative generosity has turned the state into a "welfare magnet", ettracting undesirable immi-grants from the south, particu-

ariy Chicago.
The loose left-right axis shows that, more than 20 years after Lyndon Johnson declared the Great Society, Victorian values are back in fashion: work is now seen as a better cure for poverty than welfare. Indeed, Democrats such as Mr Joseph Strohl, state Senate majority leader and e likely candidate for the US Senate in 1992, have discovered a more sceptical approach to welfare enables them to transcend the traditional liberal stereotype

and widen their political base. The cycle of crime, drugs, teenage pregnancy and infant mortality — once considered foreign to the state but now routine in Milwaukee — has prompted Mr Tommy Thompson, the Republican state governor, and Mr Strohl to put forward proposals for e "two-tier" welfare system. The idea is to turn the argument that every-one has entitlements on its head by restricting the benefits

paid to new arrivals.

Critics have denounced the proposals as a version of the Poor Laws which, four centu-Poor Laws which four centi-ties ago, aimed to restrict the mobility of the poor within England. "Part of being an American is thet you don't get stopped at the state line," said the Rev Ted Steege of the Lutheran Office for Public Pol-

Governor Thompson's plans will be challenged in the US courts on constitutional grounds. (A 1969 US Supreme Court ruling struck down such residency requirements on the grounds that they were based on class distinctions and infringed on the right to travel). But the garrulous governor is relaxed; he and his supporters think they have discovered a popular issue which

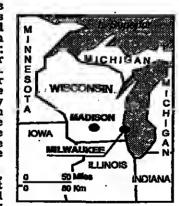
cuts spending. The debate focuses on the primary welfare programme in the US, Aid to Families with Dependent Children (AFDC). which is funded by federal and state treasuries, but whose dis-bursements are fixed by individual states. These vary from \$118 a month in Alabama for a family of three to a comparable \$740 a month in Alaska.

In Wisconsin, the maximum grant for a three person family was \$517 in 1988, the seventh highest in the US. More significantly for the "welfare magnetists", the AFDC payments are welf are a socialist; and the state's welfare benefits have ranked, since Franklin Roosevelt's day, among the most generous in difference, says Mr Thompson, is encouraging welfare migra-

Senate Banking Committee that his agency intended to repropose two rules relating to the registration and disclosure

of securities issues early this

Not so, says Rev Steege, who argues that the upturn in Wis-consin's economy has had e far more powerful influence in encouraging outsiders to settle in the state. Unemployment, which was in double digits per cent in the early 1980s, has dropped to 4 per cent state-wide - though statistics reveal that the jobless rate among black teenagers and other



groups of hard-core unemployed has remained high.
Also, it is far from clear whether welfare payments alone are the determining factor in people moving; there are other less tangible factors – such as family connections, job prospects, and the quality of life. Besides, the inflation-ad-justed AFDC guarantee for a four-person family in a median per cent between 1970 and 1987. A two-tier system would con-tinue the decline and, at best, save Wisconsin between \$10m to \$12m, according to Mr Strohl.

He, like Mr Thompson, believes this money can be used for programmes to help poor people, which combine welfare eligibility with manda-tory job education and training aimed to turn the welfare recipient into a useful member of society. For example, in Wisconsin, the state is investing \$28m, plus about \$20m in federal funds, in such "workfare" programmes for AFDC recipi-

such programmes, but with a stronger voluntary element. The lesson is the same: welfare payments should not be automatic because, the more attractive they become, the more they may encourage dependency. The welfare magnet debate in Wisconsin may well increase the power of this

Etek Oy:

The business is food... The expertise, global.

By Victor Thome, Helsinki

An octogenarian emergent company, a shade older even than the republic of its birth, backed by a solid group and armed with a wealth of expertise to focus on the task of raising food standards in Europe and farther afield...

borders.

"Food is our world" is ments.

Etek's slogan for the 1990s.

The other subsidiaries Yet until the company will-cover heating, water and ingly undertook this com-electrical system installamercial metamorphosis, its tion, air treatment technol-

Efficient animal feed preservation and foodstuff processing, starting from proper refrigeration and offered by group member to full after-sales service."

The package of building chines, equipment and mament. In a highly competitude equipment manufacture to full after-sales service. This is the world over. This is the working through the gamut of technology and processing, starting from proper refrigeration and offered by group member to full after-sales service. It ling for survival by conway we put our integrator processing through the gamut of technology and manufacture to full after-sales service. The force behind the centrating their resources concept to work on behalf of technology and manufacture to full after-sales service. The force behind the centrating their resources concept to work on behalf of technology and manufacture processing, starting from proper refrigeration and construction services to full after-sales service. The force behind the centrating their resources concept to work on behalf of technology and manufacture proper refrigeration and construction services to full after-sales service. The force behind the centrating their resources concept to work on behalf of technology and manufacture proper refrigeration and construction services to full after-sales service. The force behind the centrating their resources concept to work on behalf of techniques to biotechnology and manufacture proper refrigeration and construction services to full after-sales service. The force behind the centrating their resources concept to work on behalf of techniques to biotechnology and manufacture proper refrigeration and construction services to full after sales service. The force behind the centrating their resources concept to work on behalf the first sales and manufacture proper refrigeration and construction proper refrigeration and the centration and the first sales are sales and manufacture proper refrigeration and construction proper refrigeration and construction proper refrigeration and construction

nents.

That is the story behind Etek represents the inter-Finland's Etek, which has nationalising dynamic, en-consciously restructured it compasses a broad spec-self and its corporate strate- trum of disciplines covering gy in order to take its un- all aspects of food technol-paralleled expertise in ev- ogy. The Hankkija Group erything from food process- and its subsidiaries are in-ing to biotechnology outside volved on the agricultural the confines of its nation's side from feeds and seed to

country adopted increasing ment, even materials ond to none. sophistication of eating handling-cum-packaging "To augustication".

operative, the FIM 7bn-plus food-processing factory.

ETEK OY

Etek Oy

Mikkolantie 1

PL 37 00641 Helsinki

Telephone: +358 0 7521 122

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Telex: 124660 bjahe sf

bits. systems) - with an impor-group's wide range of has been obliged to change ay to shopping around for Its agronomic survival tant acquisition in 1988 ekills, we're able to draw radically over the past dec-something it has never in competition with conti- greatly strengthening on the expertise of presti- ade. Many processing com- seen but hopee it can find nental European food pro- Etek'e standing as a suppli- gious manufacturers from panies are small, family- to complement the machinnental European food pro- Etak'e standing as a suppli-ducers depended on apply- er of meat industry machin-ducers depended on apply- er of meat industry machin-all parts of the globe. Our run concerns unable to ery it already has.

ogy, assured the Finns of companies, comes within Etek calls its "integrator ture.

a competitive standing Etek's marketing gambit. concept" - a unique system It is these food producagainst heavyweight oppo
Comments Erkki combining slobel technol. Comments Erkki combining global technol- ers that Etek regards as its Vehviläinen, Managing Di- ogy designed with one end prime customer.

over the years, such Finnish foodstuffs as dairy products, especially cheeses, are known the world over.

Born of a farmers' co
Born of a farmers' co
Chine to an entire, turnkey health and convenience.

Born of a farmers' co
Chine to an entire, turnkey health and convenience.

Etek's management is cookability, on the molecular and success on experiments.

We vere industrialised eration techniques and scillar achieved both in Finland over the eighty-three years grates everything from vi
sual appeal to microwave determined to market our expertise and success on Hankkija Group, of which We're building up a com- well aware that the FIM biotechnology that allows the world stage.

sis, to put the business on a Vehviläinen asks.

ADVANCED TECHNOLOGY - Fifteen Minden Forecasts Montoring Land Countries Consumer Bahavlour "FOOD IS OUR WORLD" world of food, refined and ogy and electrical supplies sophisticated though it was, wholesaling; while Etek's halted at Finland's borders. area, food technology axprehensive data base cov-rope is our starting-point. ment available to fulfil an industrial nation of vi- equipment, appliances and tality, a process that has laboratory and chemicals ers and sources of technol-leading edge in technology, gle supplier who can offer technology in the group of a table of the complete assortment of

taken place in the space of a trading (ultracentrifuges, ogy throughout the world - and our disciplines are glothe complete assortment of
mere 40 years or so, the biochemical research equip- a facility that will be sec-bal."

goods, so the food process-

Today, thanks largely rector of Etek: "We have at product in mind: for Euro- "On up-to-date refrig- mitment to professionalism to the know-how developed our fingertips the complete pe and the industrialised eration techniques and sci- and profitability. We've over the years such Finn-

500m turnover company us to handle packaged does not have the financial foods comprising various resources to go it alone in raw materials, and on that looking also eastwards into the world's markets. In- most vital factor, food qual- the high-potential market stead, it is actively search- ity control. ing for partners with How can the manufac- Comecon countries, we've knowledge of their own na- turer be expected to keep signed a letter of intent to tional markets, initially abreast of such fast- set up a joint venture in the perhaps on an agency ba- changing criteria?" Erkki Baltic state of Estonia. We

farm products and extending their storage life with nutritional value, visual quality and cost-effectiveness foremost in mind.

Efficient animal feed preservation and foodstaff

As an aside, the company of a advance. Long gone are carry out all stages of a advance. Long gone are professional team here can keep up with technological carry out all stages of a advance. Long gone are the carry out all stages of a advance. Long gone are carry out all stages of a advance and the days when such companies could find the skills make it our business to keep our finger on the paradise in Helsinki.

The package of hellilling chiefer and installation of ma-ing machinery and equip-

Consumer-driven, the ing company is forced to de-"To augment our own food processing industry vote time, energy and mon-

"When we made food our world, we made a com-

"As a sign of this, and of the USSR and other see this as a stepping-stone sound international footsound international footing.
has his special needs and nal that Etek is on its
Says Vehviläinen: "Eu- has to find the best equip- way".

LDP yields to Japan's farmers over rice prices

By Ian Rodger in Tokyo

JAPAN'S ruling Liberal Democratic Party (LDP), bow-ing to intense pressure from the country's powerful farm lobby in an election year, has decided to block the regular

annual cut in the government's support for rice prices.

The decision indicates the difficulty the LDP is having in reconciling demands from the reconciling demanus from the international community that it liberalise its agricultural product markets with those of one of its main electoral support groups.

port groups.

The Japanese farm commnity is still angry at the LDP for agreeing last year to liberalise markets for some food products, including beef, citrus fruits and various processed foods. In most cases, these moves were taken following indemnets against Languages. judgments against Japanese trade barriers taken under the General Agreement on oo Tariffs and Trade or under threats of Gatt censure.

of Gatt censure.

However, Japanese farmers are not interested in Gatt or any other foreign body. They bave already shown their anger in a number of by-elections in recent months in which the LDP fared badly. Now farm leaders are mobilising their communities to boycott the LDP in important elections to the upper house of the Diet (parliament) scheduled for July 23.

According to a survey taken by Mainichi, e national newspaper, 31 farmers' organisa-tions from 17 prefectures have withdrawn from affiliation with the LDP and 18 of them have decided not to vote for the LDP at national level.

To the LDP, these develop-ments are alarming. Battered by the Recruit bribery scandal and by recent revelations of a relationship between Mr Sousuke Uno, the new Prime Min-ister, and a prostitute, the party is worried that it will suffer serious reverses in the House of Councillors elections

Half of the 252 seats in the upper bouse are being contested and the LDP needs to win 54 of them to retain its majority. It holds 73 of them. Most analysts hold little hope of the LDP keeping its majority, and their views were buttressed yesterday by an opinion poll suggesting that only 22 per cent of the country's eligible voters supported Mr Uno's cabinet, the lowest level ever for a new administration.

Rice price supports have long been a delicate issue. Over the past few years, the government has been putting a mild squeeze on rice producers

mild squeeze on rice producers because of declining consump-tion in Japan and growing sur-

Threat of row as Belgian hostage freed in Lebanon

By David Buchan in Brussels

THE release yesterday of a Belgian bostage in Lebanon threatened to spark a row in threatened to spark a row in the Belgian government, with the foreign minister suggesting that the trade minister might have bought the hostage's free-dom by unblocking a commer-cial credit to Lihya.

Dr Jan Cools, a Belgian doc-tor, was yesterday freed in southern Lebanon after 13 months' captivity and taken to

months' captivity and taken to Damascus, where he was met by Mr Robert Urbain, the Socialist Belgian Trade Minister, who last week held talks with President Muammar Gadaffi in Libya and unfroze a BFr2bn (£30m) trade credit.

Yesterday the Belgian For-eign Ministry stressed its efforts to free Dr Cools. But Mr efforts to free Dr Cools. But Mr
Leo Tindemans, the Christian
Democrat Foreign Minister,
said earlier that Mr Urbain had
had no mandate to discuss the
question of hostages during his
trip to Libya and complained of
"socialist diplomacy".

Coming three days before
polling for the European elections in Belgium, the affair has
acquired strong party political
overtones.

Mr Tindemans is himself a candidate in Sunday's elections, not only for a simple seat in the Strasbourg assem-bly but also to be its president.

Millions likely to stay home for Soweto day

By Anthony Robinson

MILLIONS of black Sontb Africans are expected to stay away from work today to commemorate the 13th anniversary of the Soweto rising of June 16 1976, which proved to be a turning point in South African

The anniversary follows re-imposition of the national state of emergency regulations last week, and will be marked by religious meetings in many black townships.

The security forces are likely

to maintain a substantial but discreet presence in Soweto, other potential flash-point townships, but the anniversary

is expected to be quieter than last year, when black trade unions called a three-day national "stayaway" in protest at the banning of opposition political groups.

Last year seven people died in clashes, mainly in Natal. where this year the police have announced a three-day, highprofile security operation in the townships around Pieter-maritzburg and Durban.

Many employers have already recognised Soweto day as a paid boliday and others work on the no-work, no-pay, no-intimidation principle which leaves millions of workers free to stay away.



Army officers hang photographs of troops killed in the repression of the democracy movement on a makeshift memorial in Peking

US ideas put PLO on the spot

Andrew Gowers and Jihan el-Tahri look at a dilemma over elections

"Nobody is ready to enter a tunnel without knowing whether there is light at the end or it is blocked."

Israel steps

up carrot

and stick

approach

By Hugh Carnegy in

ISRAEL yesterday stepped up its carrot and stick approach to Arabs in the occupied textitories, forcibly closing the East Jerusalem offices of leading Palestinian Sarl Nusseibeh, but saying the proposals could satisfy most of the demand for self determination.

Professor Nusselbeh, an Oxford-educated philosopher at Bier Zelt University in the West Bank, is regarded by western diplomats as the kind of moderate the Israelis should be negotiating with.

But recently he has been a target for the authorities. He

But recently he has been a target for the anthorities. He has been named in court documents as a conduit for Palestine Liberation Organisation funding of the intifada and a weekly analysis of the uprising he produced from his East Jerusalem office was banned. He told reporture he was not

Jerusalem office was banned.

He told reporters he was not a member of the PLO and supported a peaceful settlement of the Arab-Israelt conflict.

At the same time, in an effort to win support for elections in Gaza and the West Bank, Prime Minister Yithak Shamir is planning for the first time to meet prominent

first time to meet prominent local Palestinians.

In an attempt to nudge the dialogue along, the director general of Mr Shamir's office, Yossi Ben-Aharon, told the

could go most of the way to

granting self-determination for the Palestinians. The demand for self determi-

nation, usually interpreted as meaning an independent Pal-

estinian state, is a key element left out of the Israeli peace ini-tiative. Mr Ben-Aharon's inter-

tiative. Mr Ben-Aharon's interpration of the phrase almost certainly does not match that of the PLO, but his use of the words may be significant.

A military court in Israel yesterday sentenced four Israell soldiers to prison terms for their roles in the beating of

a Palestinian prisoner who

later died in custody, AP reports. The soldiers were con-

victed on May 25 of brutality in the beating of 42-year-old Hani el-Shami last Angust

while arresting him in the

rusalem Post that Israel

HE metaphor - from Mr Yassir Abed Rabbo, the articulate chief negotiator for the Palestine Liberation Organisation in its fledgling dialogue with the US - encapsulates the dilemmas encapsulates the dilemmas now facing the PLO leadership. Six months after Mr Yassir Arafat made his biggest political breakthrough by meeting US conditions for talks, the organisation is in a new quandary over cautious American attempts to featur pegnisations. attempts to foster negotiations between Palestinians and

At issue is the plan put forward by Mr Yitzhak Shamir, the Israeli Prime Minister, for elections in the occupied West. Bank and Gaza Strip. With US support, Mr Shamir wants a poll to choose representatives of the Palestinians in the occu-pied territories for talks on their fature.
In the teeth of Israel's

refusal to contemplate direct dealings with what it contin-nes to brand a terrorist organines to brand a terrorist organi-sation, the US wants to obtain a green light for the election idea from the PLO in Tunis. The question has been brought to a head in the past week by a US proposal that the PLO approve the selection of a group of Palestinians from within the occupied-territories for talks on detailed election procedures.

procedures. PLO leaders were last night closeted in meetings decidi on what terms they might be prepared to engage in such a

process.

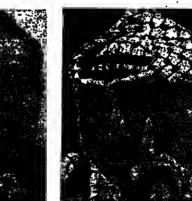
Up to now, a suspicious leadership, while looking for ways in which the Shamir plan might be developed, has publicly united in setting stiff con-

Both inside and outside the territories, the Palestinians bave insisted that elections take place under international superviston after an Israeli withdrawal from the West

Bank and Gaza.

Falling that, says the leadership, the US should state clearly before any peace process begins that the outcome of negotiations will fulfil Palestinian demands for self-determi-

Both possibilities seem remote, not least because of



Arafat: leap in dark

tion plan; officials in Tunis report that at least four mes-sages on the subject have been received from Mr Yitzhak. Rabin, Defence Minister, in the

Hamin, Defience Minister, in the past two months.

Mr Arafat, ever anxious to keep the hall in play and preferably in the Israeli court, will not want to be seen to reject outright a suggestion that might eventually lead to full-scale negotiations on a settlement.

He is acutely conscious of the continuing need to demon-strate tangible political gains to the people suffering from Israel's crackdown on the 18-ments Polestinian intifeds or

There is a risk that after so

many concessions with little return, disappointment in the

month Palestinian intifada

uprising.

Washington's desire to steer a "middle course" between two mntually incompatible posi-tions: Mr Shamir's desire to hang on to the territories and the PLO's demand for an independent Palestinian state

Shamir: wants poll

The latest American propos-als – put forward by Mr Rob-ert Pelletreau, US ambassador to Tunis and the sole channel for American communication with the PLO, at a third formal meeting last Thursday – have put the FLO on the spot The idea is to form a delega-tion composed exclusively of

Palestinians from the occupied territories - and not directly identified with the PLO - for talks with Israel on the elec-

Washington is anxious to reassure the Palestinians that any election should be seen to be "free and fair" by outside observers; that it wants the broadest possible participation, including the Palestinians of East Jerusalem; that Israel will accept the election's outcome, even if as seems certain it demonstrates overwhelming sup-port for the PLO; and that talks on interim confidence-building measures would be followed eventually by negotia-tions on the final status of the

occupied territories. The Labour segment of the Israeli coalition government has also apparently been endeavouring to lure the PLO towards considering the elec-

leadership could undermine the morale of the Palestinians under occupation, and in the process deflate or fundamenally alter the character of the uprising.
But in pondering a response

to the election plan, the leader-ship is obsessed with a host of more basic fears.

It worries that the Shamir

plan is the latest (and most dis-turbingly plausible) in a long series of Israeli ploys to create an alternative Palestinian lead-ership in the occupied territo-

ries and bypass the PLO.

It knows that the potential for division between Palestinians inside and outside the territories is considerable, and

Peking upheavals

Gorbachev regrets

MR Mikhail Gorbachev, the Soviet leeder, said yesterday he regretted recent develop-ments in China and hoped reforms there could continue, Reuter reports from Bonn.

Asked at a press conference about Peking's violent crush-ing of democracy protests, he said the situation there had "unfortunately turned grave"
after his visit in early May.
"We regret some aspects of
what has happened. We are all
concerned about what is happening in China."

Mr Gorbachev's comments were his first extensive state-ment on China since the Soviet parliament early this month condemned all ontside attempts to put pressure on Peking and labelled the tur-noil an internal Chinese issue. "All of us want the profound changes and reforms in that giant country not to fail," he

that even engaging the former in talks about elections might reduce the latter's influence on the course of events.

"Elections are not bad for the Palestinians, but they might be bad for the PLO lead-ership, " said one surprisingly candid PLO official.

the Palestinian diaspora.

"They want to transform the Palestinian-Israeli question into an internal or local Israeli problem," says Mr Abed

Habbo.

Hence the deep-seated reluctance on the part of the PLO to embark on the election process with no sure idea of where it will lead, and with a suspicion that Mr Shamir's ultimate goal is a form of limited Palestinian autonomy under Israeli rule. The leadership wants US guarantees that the aim is Israeli withdrawal.

withdrawal.
Not for the first time, the
PLO feels vulnerable: to Israeli

attempts to marginalise it; to America's perceived lack of even-handedness; and to less than whole-hearted support

from Arab states.

"We've never rejected elections," said Abn Iyad, the PLO's virtual number two, in an interview this week. "But

the question remains: what are

we supposed to be negotiating with Israel about?"

In a sense, Israel and the PLO are already involved in a

low-key bargaining process through the Americans on this

very subject.
Only in the next few months will it become clear whether

the US is prepared to concede a clearer definition of Palestin-

ian "political rights" than it has so far offered; and whether Mr Arafat can be persuaded to make what he fears could be a leap in the dark.

given me respectability."

Dr Mediha el Safty, a sociolo-

gist at the American Univer-sity in Cairo, says that the veil-ing of women in Egyptian society was "definitely increas-ing." It has become, she

said on the final day of his four-day West German visit. "Wa hope that China — its people and its government — find a way out that lives up to the interests of the Chinese people and our general expec-tations."

The Soviet leader, whose Peking visit coincided with the mass protests for democracy, did not directly answer a question whether the demonstrators were counter-revolution-aries, as China now says. But he noted be had received letters from Chinese students

letters from Chinese students who supported reform.

"In the letters, they support the same goals as the Chinese Communist Party," he said. "I cannot suspect that they had any evil intentions."

Mr Gorbachev said outsiders had to be careful in what they said about current developments in China.

Kenya hopes for more international assistance

By Julian Ozanne in Nairobi

PROFESSOR George Saitoti, Kenya's Vice President and Minister of Finance, presented a cautious and modest budget yesterday for 1989/90 stressing the government's commitment to its structural adjustment policies and the twin goals of boosting the private sector and promoting exports.

candid PLO official.

As an insurance policy against attempts to split its ranks, the organisation may counter Washington's latest proposal by suggesting that any delegation selected to talk to Israel about elections also include Palestinians from outside the territories – possibly figures from the diaspora who might be "acceptable" to the US rather than PLO leaders.

More fundamentally, the leadership freis that the US, in addition to trying to defuse the intifada, is now bent on depriving the Arab-Israeli conflict of its wider Middle Eastern dimensions at the expense of the Palestinian diaspora. promoting exports.

In a budget that was essentially an appeal to international donors to continue providing substantial concessional financing, Prof Saitoti repeatedly emphasised opening np the economy to increased competition, fiscal management and releasing the energies inside the private sector.

The budget also contained new measures on promoting the development of capital markets, stimulating the foreign investment climate, liberalising import licencing and shifting revenue collections towards indirect taxation with the promise of a unified value added tax to be introduced by

January 1990.
Predicting an economic growth rate of 5. 1 per cent this year, the budget forecasts a 21 per cent increase in Gross recurrent expenditure to KSh49,440m (\$2.8bn) compared

with KSh40720 last year.
Development spending is slated to increase 14.4 per cent to KSh18442m from KSh15790

With these increases in expenditure the government will be hard pressed to meet its targets budget deficit of

KSh7620m or 4.2 per cent of GDP, down from 4.5 per cent last year.
Prof Saitoti is clearly relying

on on the continued assistance of foreign donors to meet the financing gap. An estimated KSb19422 is predicted to be provided by donors, 40 percent in grants, representing 28 per cent of total government expenditure of KSh69,300m. A further KSh6,560m will be

existing revenue measures. The bulk of this additional rev-

ernment'e intention yesterday to move away from quantitive

In the budget Prof Saitoti removed the export tax on cof-fee and tea, Kenya two princi-pal exports but he has imposed alo per cent export tax on raw materials needed for further processing in the country like

processing in the country like raw cotton and waste paper.
Investors will be pleased by Prof Saltoti's announcement yesterday that he has prepared the legislative basis for the long awaited Capital markets Authority will will be given regulatory and supervisory powers to open up the nascent financial markets in Kenya,

markets. Two of the most politically

Western style clothing for women, and has put some out of business. Other are strug-gling to adapt to the new fash-ion without compromising so much that they lose faith with their existing clients.

Nadia kiris, a manufacturer who has been in husiness for 20 years, said that a decade ago Egyptian women could wear almost anything, including sbort skirts and eleeveless dresses, and those with a "big decolletage." Fashion in Europe and in Cairo was the same, she observed. But now women from all levels of society, including the elite, were asking for more modest and Islamicstyle clothes.

style clothes.

Mrs Idris said there was "no end in sight" to the trend, and all the time she was losing clients as dress shops converted to the sale of Islamic fashion, including so-called chic module. There she described as els. These, she described, as "ridiculous," if the purpose of Islamic dress was to be modest.

Many parents have been perpiezed by their daughters

deciding to dress conservatively. Mona, a young univer-sity graduate who works at a foreign bank, began wearing traditional dress recently to the annoyance of her parents and brothers. She wears an ankle-length skirt without a beit and a veil to cover her

"My Islamic costume does not hinder my activities," she says. "I still go jogging early in The Islamic dress trend has the morning with a long hit hard manufacturers of T-shirt over my track-

believes, a sort of standard dress, like the yazmak, the head covering of the Ottoman period. This lasted until an era of Western-influenced emanci-pation from the 1920s until the 1960s. It was in the 1970s that the trend began to go into The greater religiousness of Islamic society and a rejection of Western liberal values are among explanations for the conservative dress trend. Peer group pressure has played a role, and so too, Madam el Safty believes, have economic difficulties. It is less expensive

their hair, and to go without make-up. But in a fairly recent devel-opment, it is the middle class, and even the elite, who are joining the trend. Some are doing so reluctantly, even stealthily perhaps, but they are conforming, neverthelass, either to conservative traditional dress or to more exotic Islamic fashion.

for girls from families with

limited means to dress in Islamic-style uniforms, to cover

"One of my friend's sisters had a celf-length skirt," Madam el Safty recalled with amusement, "and every week it would get lower until it truched the flore." touched the floor."

raised from domestic borrow-ing mostly from Treasury Bills and non-bank sources therby freeing up resources for the This leaves an estimated KSh42158m to be found from domestic revenue sources an increase of KSh1,160m on what is predicted to be raised from

enue will come from increased excise and sale taxes on cigarettes, tabacco and beer announced in April this year.

The most important reform announced in the tax regime is the move towards a VAT rather than the existing sales tax. It will be levied on all goods and services at a uni-form rate of 17 per cent mark-ing the first time professional services will be taxed indi-

Several measures announced in the budget are designed to liberalise the trade regime. Prof Saitoti reiterated the govrestrictions on imports to a tarrif system.

particularly in the securities

sensitive issues were also tack-led in the budget. Professor Saitoti announced the govern ment's intention to extend cost recovery measures in health and education and to cutback on public sector employment which will consume nearly 70 per cent of Ministries recurrent expenditure in 1989/90.

Arab women clothe fashion trends with the veil of modesty

Traditional dress, with an exotic twist, is winning over the elite and the middle classes, reports Tony Walker from Cairo

HEY dress like extras from a film of 1001 Nights, the Arabian fanvariations on the theme of seduction. Their faces are framed in plain white or coloured beadscarves.

Surmounting and adding elaboration to the headscarf is a string of costume jewellery that encircles the top of the head and hangs in a strand down the back. The effect of such a head-dress on a statu-esque woman, clad in a shapely ankle length gown, is oth seductive and bizarre. This fashion, known collo-

quially as Islamic chic, has superimposed itself on a trend throughout the Arab world towards greater modesty in dress. Fashionable Islamic attire that tends to exaggerate and make more exotic traditional dress - a minority taste within a predominantly conservative movement - is a paradox of the times.

Amani Hassan, Egypt's top model and a fashion designer, believes the trend towards traditional Islamic dress - with embellishment - is growing stronger all the time, and that for the moment the era of Western fashion has passed.

"These girls you see in the street wearing exaggerated bead dresses and make-up and jewellery are not dressing that way because they are Islamic," she declares. "It is simply because it is fashionable."

It is hard to tell sometimes where piety ends and a desire

to be fashionable begins, Distinctions are blurred among modern Egyptian women who wish to appear both chaste and elegant. The immediate benefi-ciaries of the trend are the dozens of new dress shops that cater exclusively for Islamic

fashion.
At the el Redda ("The dress" in classical Arabic) boutique in the Cairo suburb of Mohandiessin, women were choosing their outfits from a colourful selection of skirts, blouses and beadscarves. It was a scene typical of a middle class neighbourhood almost anywhere in the world, except that staff and patrons wore headscarves and

uniformly long skirts. But there the similarities ended. There were striking dif-ferences in fabric colours and design, and in the amount of make-up and jewellery they

Fatima, a fashionably dressed kindergarten teacher, wore pronounced eyeliner, and make-up which hardly corre-sponds with a more literal reading of instructions about modesty in the Koran. "It's wrong," she said, blushing under her make-up. "But I feel like using it. It's difficult to abide exactly by the rules."

Madam Bahira el Shawi, the shop's owner, joined the dis-cussion about make-up and declared it was "wrong, wrong, wrong . . . because it is attractive." Likewise, she said that it was not desirable thet Islamic women wear bright colours, although her racks of



A woman wearing traditional Islamic dress and holds up a now more fashionable style

clothes included some gaudy signs and colours. "We're trying to tone down

the colours, especially the reds and pinks the so-called hot colours," she said. "These are not really acceptable." The wearing of jewellery, apart from a modest wedding band, was also considered unsuitable. Madam el Shawi said of her own collection of large gold rings that she had a weakness

She displayed an almost proselytising zeal in ber approach to ber business. Apart from making money in an enterprise that was benefiting from the religious and fashion trend, she gave the impression of someone who felt she was performing a useful social service - to help persuads ber Islamic Egyptian sisters to "cover up." according to the instructions of the Propbet that "believing women" should "lower their to dress fashionably in Westgaze and be modest, and display of their adornment only that which is apparent, and to draw their veils over their bosoms."

This injunction has been interpreted in many different ways. In some of the Gulf states, in Iran under the mullahs and among more fervently Islamic sects in Lebanon, dress conventions for women are very strict indeed. A full veil (one that covers the face) is the

rule in some of these places. Elsewhere in the Arab world, such as in Egypt, traditional dress is optional. In any case, very few Egyptian women cover their faces. The veil in Egypt and in other modern Islamic societies is used to shield the hair, not to hide the

Egyptian women who wish

ern style are encountering increasing restrictions. The wearing in public of sbort skirts, sleeveless dresses and low necklines is out. At private parties, fashionably dressed women risk disapproval if their ontfits are considered too

"As a model and a fashion designer, I like to wear modern styles," says Amani Hassan, "but I have to wear fashion in the right place with the right people, otherwise I have very big problems." Likewise, revealing swim-

ming costumes are regarded as unsuitable. Increasingly, Egyp-tian women are shunning even one-piece bathing suits in favour of billowing costumes that reveal little.

The Islamic dress trend has

}££

12

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US officials

to hold

talks on

dumping

By Nancy Dunne in

THE two senior members of

the US International Trade Commission are to meet EC

and Gatt officials next week to discuss the need for harmoni-sation of anti-dumping and countervailing duty rules so

that they can he properly adapted to the world trading environment. They will also be

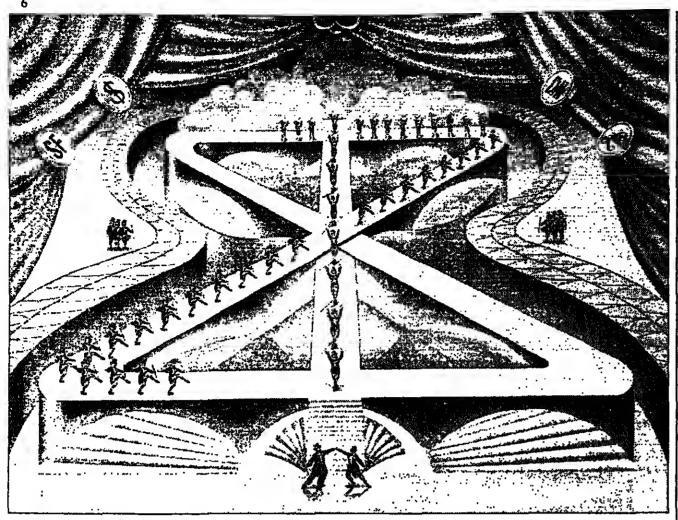
gathering information for a

Congressional report on the

EC internal market. The ITC determines whether or not US industries have been

injured by dumping or subal-dies, thus paving the way for industry protection.

Washington

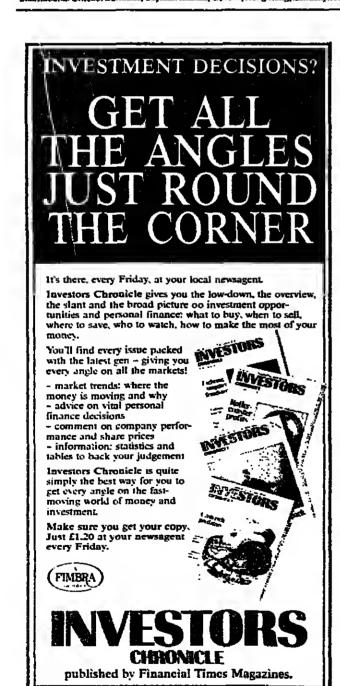


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the creditors of the apove company, in accordance with the provisions of Section 98 of the Insofrance Act 1995, will be held at Charlerod Insurance Institute, 20 Addermanbury, London ECZY 7117 on 27 June 1998, at 11,00cm. The purposes of the meeting are to receive a statement of affairs and a report on the company from a director and if the creditors wish to de so, to nominate a liquidator and appoint a liquidation complies. A list of the names and addresses of the company's creditors will be available for inspection at the offices of Prica Waterflows at Mo.1 London Bridge, London SE1 90L on 33 June 1999 and 25 June 1999 between the hours of 10,00cm and 4,00pm.

Proudes for use at the meeting must be returned to No.1 London Bridge, London SE1 90L on SE1 90L on the SE1 90L on

By order of the board B Goaling Director

GRANDEES LIMITED

NOTICE IS HEREBY GIVEN that a meeting of the creditors of the above company, in accordance with the provisions of Section 38 of the insolvency Act 1988, will be held at Chartered Insurance Institutes, 20 Adversariance Section, 20 Adversariance Act 1989, et a 159m. The purposes of the meeting are to receive a statement of stitute and a report on the company from a director and if the creditors which to do so, to nominate a figuration and appoint a liquidation committee. A fiel of the names and addresses of the company's creditors will be evaluable to inspection at the offices of Price Wateriouse at No 1 London Bridge, London SEI 90L on 23 June 1999 between the hours of 10.00cm and 4.00pm.

Proxises for use at the meeting must be returned to No.1 London Bridge, London SEI 90L by 12.00 moon on 25 June 1999 and claims must be made in writing and may be med to the same address.

By order of the board

9 June 1989

MOTICE ent to the pursugat to the e Companies Act, 1982, s.S?

Application has been made Section 61 and 52 of the Inturance Companies Act 1982 to the Secretary of State for Trade and Industry by The Transfers Corporation (LIK, Limited I the Transferor) to bansier to La Metropole I me transporter to business to be mempore S.A. the rights and obligations under all the transletion's contracts of insurance and rein-surance prior to 24th October, 1965, the effecting of which constituted the carrying on of general insurance business in the United Kingdom L.E. Metropole S.A. is a subsidiery of The Travelors Companies.

Copies of the stratument setting out particular of the transfer are available for inspection at Three Clucys, Tower Hill, London, ECSR 6DS, the registered office of the Transferor in the United Kingdom between 9.28 A.m. and 5.00 Mondays to Fridays, for a period of 30 days from the date of publication in the Cazattes.

Written representations concerning the transfer may be cent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Insurance Division, 10-18 Victoria Street, London, SWIH ONN, before 15 August 1989 and the Secretary of State for Trade and Industry shall not deformine the application until aller considering early representations made to nim betors the date.

NOTICE IS HEREBY GIVEN that a me dance with the provisions of Section 19 of the heroleony Act 1965, will be held at Charlete Insurance Institute, 20 Addynanthury, London ECZV 7HV 27 June 1988, at 1.00pm. The purposes of the meeting are to recover a statement of attains and a report on the company from a director and if the oreditors with to do so, to nominate a liquidator and appoint a liquidation complete. A flat of the names and addresses of the company's creditors will be austroble by hispaction at the offices of Price Waterhouse at No.1 London Bridge, London St. 9OL on 23 June 1989 between the lours of 10.00pm and 4.00pm.

Proxies for use at the meeting must be retarred to No.1 London Bridge, London St. 9CL on Calling Insulate in the lours of 10.00pm and 4.00pm.

Proxies for use at the meeting must be retarred to No.1 London Bridge, London St. 9CL on Calling Insulate Insulat

By order of the board

9 June 1989

creater who has not received notice of meeting and who wishes to stignt or bottomermed of it should ring Mr DNA Ghosh, 15 7200 to obtain the necessary forms.

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WORLD TRADE NEWS

Tokyo puts forward plans to tackle Motorola row

By Peter Montagnon in Tokyo

JAPAN will present new proposals to the Bush Admin-istration next week designed to defuse its row with Washington over the exclusion of Moto-rola cellular telephones from the cities of Tokyo and

Nagoya.

The plan has raised hopes that the US will lift its threat to impose sanctions against month on the Japan next month on the grounds that the barriers facing Motorola infringe the two countries' existing hilateral agreement on telecommunica-

It would involve Japanese companies which have already been allocated frequencies for cellular telephones in the two cities handing over their sur-plus frequencies to Motorola temporarily so that it can pro-ceed with marketing its own Previously the Ministry of Posts and Telecommunications

had sought to exclude Moto-rola from the market by claim-

ing that no spare frequencies were available. The plan will be formally presented to Mrs Carla Hills, US Trade Representative, next

By George Graham in Paris

FRANCE HAS reached a framework agreement with the Soviet Union opening the way for a wide range of counter-

trade contracts exchanging French agricultural and food processing machinery and

technology for Soviet products ranging from oil to timber. Mr Henri Nallet, the French Agriculture Minister, con-

cluded the agreement with Mr

Lev Voronin, first vice premier in charge of agriculture and

supplies, during a visit to Moscow earlier this week.

Specific contracts within the

framework worth over FFr2bn (\$294m) are expected to be

Delors believes **US** fears over

By Peter Riddell, US Editor in Washington

MR Jacques Delors, president

of the European Commission, said yesterday that fears in the US about a "Fortress Europe"

nal market in 1992 had largely

He was speaking at the end of a three-day visit to Washing-ton during which he has seen President George Bush and members of the Administra-

tion, and leading businessmen. Mr Delors said there had

been a shift in US attitudes a few weeks ago, as shown in public comments and the revi-

sion of proposed banking regu-lations to take into account the

years, has underlined the gen-eral improvement in relations

between the US and the EC, as

earlier American fears about 1992 have been replaced by a more positive attitude.

He said, "the concept of the

European Fortress was not the devil for the US – though this

was not the case with Japan."
On the theme of "friendly partnership," Mr Delors' message was of reassurance about

the vast opportunities offered by the integrated mar-ket – "firstly for the US."

He stressed the European commitment to further inter-

national trade liberalisation and linked the 1992 process

with the Uruguay round talks. But he defended EC proposals on local content of cars and

limits to imported television

programmes

views of American banks. The visit hy Mr Delors, his first to Washington for four

disappeared

1992 allayed

week by Mr Ichiro Ozawa, for-mer Deputy Chief Cabinet Sec-retary who will be travelling as special envoy of Mr Sousuke Uno, the Prime Minister.

It has already met with a positive response from US trade officials attending wide-ranging bilateral trade talks in Tokyo this week. Mr Linn Williams, Deputy

US Trade Representative, said yesterday: "Our discussions with the Ministry of Posts and Telecommunications have been very useful and we are optimistic about what we may be able to work out next week." A resolution of the Motorola dispute which has been fester-ing for several months would help improve the atmosphere for other trade talks which are

now under way between the two countries. Yet after two full days of discussion in Tokyo this week, the US has failed to make any

visible headway with Japan over its request for discussions on structural impediments to trade such as its cumbersome distribution system, and, sepa-rately, on its complaint under last year's Trade Act over

ready in time for the visit to France next month of Mr Mik-hail Gorbachev, the Soviet

Mr Nallet said that the

greement represented a major dvance, because it extended

the barter possibilities to a whole range of new products.

"Before, when we wanted to sell them a machine, they would offer us cranberry jelly in exchange. Today we have even talked about energy, nota-

bly gas and oil, but also animal proteins and timber," the

French minister said.
The French delegation accompanying Mr Nallet

By Alice Rawsthorn in London

Mediterranean Rim must over-come problems of poor produc-tivity and low quality if they are to remain internationally competitive in the future,

according to a study by the Economist Intelligence Unit, the London-based independent research organisation.

In recent years, the textile industries of Mediterranean countries such as Turkey, Morecco Turida and Greece

Morocco, Tunisia and Greece

have expanded rapidly because of the competitive advantages of low labour costs and their

proximity to the European Community.

The stody euggests that

these industries must increase efficiency and improve the quality of their output if they

are to maintain momentum in

The industries, according to the study, must also reduce

their reliance on inward invest-

ment from the large European textile groups, which use coun-tries such as Morocco and Tun-

isla as a low cost source of clothing and textiles. The Mediterranean Rim has

smerged as an important source of textiles since the

early 1970s to provide 5 per cent of worldwide textile and

clothing exports to countries grouped in the Organisation for Economic Co-operation and

Developement. Turkey is the biggest single supplier of tex-tiles to the Ecuropean Commn-

the long term.

THE textile industries of the nity.

for countertrade contracts

unfair trading practices in supercomputers, wood products and satellites.

Japan continued to insist it would not negotiate on the

Trade Act complaints under threat of sanctions. It said it was prepared to dis-cuss the need for structural reform only if the US would put its own economic struc-

tures, including its budget defi-cit on the table. "The US idea is from our per-

one senior Japanese trade official last night.

Estilar, Mr Michihiko Kunihiro, Deputy Vice Foreign Minister who led the Japanese delegation, had described the US request for negotiations on its

Trade Act complainte as Mr Williams rebutted this charge. He said: "We're not interested in retaliation. We're interested in market-opening."

Both sides described this week's talks as fact-finding ones rather than pegnistions. ones rather than negotiations, hut Mr Williams said they would count as formal consu

products company.

Mediterranean Rim

nations warned on

future of textiles

These 10 companies are expected to form a consortium with the backing of Crédit Lyonnais, one of the leading French banks involved in the

Soviet Union, to help develop

projects and serve as a sort of countertrade clearing house.

The sector is an important

source of employment in the region, accounting for between 20 and 45 per cent of manuac-

turing output and employment in the Rim countries.

Greek industries are domi-

nated by several large compa-nies, while Morocco, Malta and Tunisla are heavily dependent on foreign investment. The

development of the Algerian and Egyptian industries has been hindered by internal

The structure of the textile industry varies from country to country. The Turkish and

industry protection.

In many cases, parts of products are made ebroad, so that an industry may seek protection for a product that hes only 40-50 per cent of an American value-added component. With no guidelines, the Commission has had to draw the its own. up its own. When US forklift producers recently asked for relief, the FTC finally concluded that a forklift was US-produced if it tations which the US is required to undertake had an American-made frame, although the frame is only Paris and Moscow agree terms

although the frame is only 20-30 per cent of the entire product, said Ms Anne Brunsdale, Commission chairman.

Mr Ronald Cass, the vice-chairman, cited a recent case on ballbearings, in which the Commission found injury to the producers. "It was a close call because the statute we use didn't allow us to look at the broad impact of protection on US industry. Overall, the impact on industry of low-priced bearings is beneficial." priced bearings is beneficial."
The officials say the internationalisation of manufacturing

included representatives of 10 industrial groups: Pernod-Ricard, which is discussing a fruit drinks factory, and Sucre et Denrées, which is talking on the renovation of a sugar processing plant, but also companies like Sanofi, the chemicals group, Soufflet, in the cereals sector, or Yoplait, the dairy products company. processes may require changes in US trade laws. "Ten years ago it was still possible to conclude that the interests of workers, capital and producers were coinci-dent. So in a trade case yon would have all three strongly represented and asking for relief," Ms Brunsdale said. "Now we have cases where labour and management dis-

> Ms Brunsdale said she has Ms Brunsdale said she has discussed the changes in the world economy relevant to trade law on Capitol Hill. "We really have to start thinking about this. We don't know where it's going to take us at the Commission," she said.
>
> Meanwhils, an increasing number of countries – including South Korea, Mexico and Braxil – are using anti-dumping and countervailing duty laws to protect their own industries. Because it is

industries. Because it is "almost inevitable for subjective biases to creep in from time to time," it is important that the processes be uniform,

transparent, analytically rig-orous and explainable, Ms Brunsdale said.

Both commissioners expressed optimism about the 1992 negotiations. Mr Case said he does not expect to have any influence on the process, and he doesn't believe the and he doesn't believe the most important and contentions decisions — those of most interest to producers in the US — will he made until the end of the process.

Despite the growth of the Mediterranean Rim as a textile production centre, the EIU is cantious about its future pros-pects. It is concerned that the It's attention to detail region is overly dependent on the providing the Financial Trace effects, that makes a great botch. Europe as a its main market and on investment from over-

seas groups.

The EIÜ also warns that the inefficiency and poor produc-tivity of many Mediterranean Rim factories detracts from the advantage of low labour costs. It argues that the region must overcome these deficiencies to remain competitive in the face of advances in textile automa-tion and the threat of increased protectionism from the EC and the US.

Mediterranean Textiles and Clothing is published by EIU, 40 Duke Street, London W1A 1DW.

HAMELAL TIMES MOTTEOUT

It's attention to detail like providing the Financial Tim guests, that makes a great local. HYATT REGENCY BRUSSELS

FINANCIAL TIMES

PIONEER STUDY ON GLOBAL TELECOMMUNICATIONS

Loquacious British outdo insular Japanese By Hugo Dixon

they might get an idea of how fast the trade is expanding by looking at the telephone traffic between the two countries.

In 1986, people in Colombia and the US spent 113m minutes on the phone talking to one another. This was 20 times as much as they spoke in 1976, and made Colombia the sixthlargest telephone correspondent with the US, just behind Italy and well ahead of countries like Brazil, Australia and

Switzerland, Similarly, if you want to check up on the process of glasnost and perestroika, one of the best indications is to look at how often Russians are calling abroad. The progress between 1976 and 1986 was disappointing. Telephone traffic from the Soviet Union to the US grew from only 570,000 min-

THE US drugs police may find it difficult to stop cocaine smugglers from Colombia. But experienced, and only a quar-parties of the state of the traffic that Poland and Yugoslavia made only 19 per cent of international phone calls. This is experienced, and only a quar-parties of the traffic that Poland and Yugoslavia parties of the traffic that ter of Malaysia's figure. It could be argued, however, that the Gorbachev revolution had barely started in 1986 and conclusions about its impact will have to wait until 1987 and 1988 figures are available.

These figures are contained in pioneering studies on ths flow of telecommunications traffic around the globe, published recently by the London-based International Institute of Communications. As well as highlighting the particular cases of the Soviet Union and Columbia, they reveal the invisible links between the

world's leading trading blocs. One of the striking observations is how little the Japanese use the telephone for international calls. Although Japan accounted for 15 per cent of world GNP in 1986 and 10 per cent of world exports, Japanese language differences.

Over a quarter of the time spent on the phone hy people in Japan was talking to the US. After that came South Korea with 13 per cent. Taiwan with 11 per cent and Hong Kong with 9 per cent. Its most important European correspondent was the UK which accounted for 6 per cent of Japan's international traffic.

The insularity of Japan is in direct contrast to the loquaciousness of the British. Although the UK accounted for only 3.6 per cent of world GNP and 5.1 per cent of world exports in 1986, it was responsible for 7.4 per cent of international phone traffic.

The pattern of Britain's phons calls is also highly skewed to the US, making clear that in 1986, at least, British business peopls did not have much to talk about to their counterparts in other European countries.

Nearly a quarter of the UK's phone traffic was to the US, while only 11 per cent was with West Germany, 9 per cent with France and 5 per cent with Italy. It will be interesting to see if this hias against Europe changes by 1992.

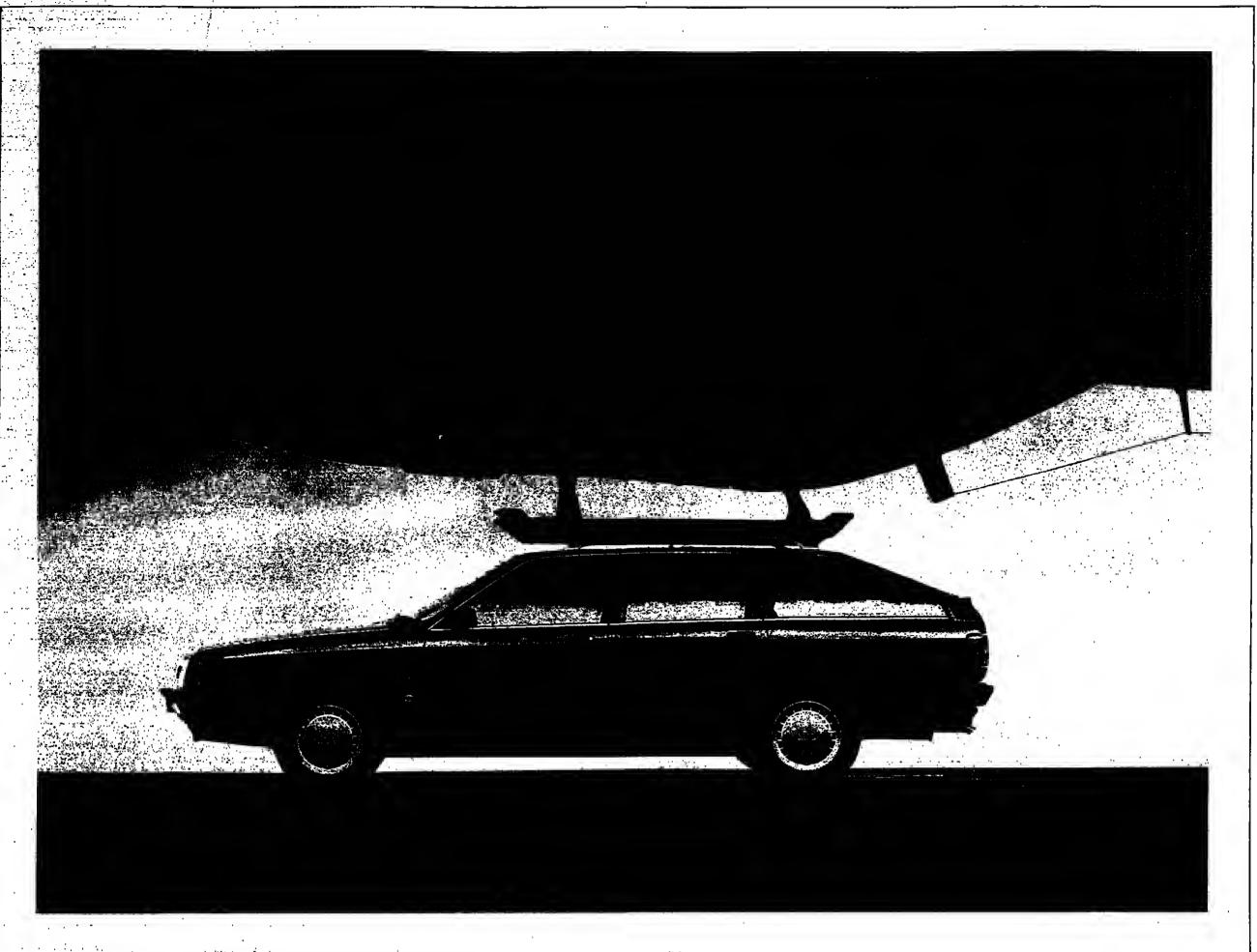
The other leading European economies, by contrast, spend most of their time talking to other Europeans and very little phoning across the Atlantic.

Germany's main correspondents are other German-speak-Nearly a quarter of the UK's

dents are other German-speaking nations - Austria, which accounts for 12 per cent of its traffic, and Switzerland which is responsible for 10 per cent.
"Global telecommunications traffic flows and market struc-

tures: a quantitative review. International Institute of Communications, Tavistock House South, Tavistock Square, London, WC1H 9LF.

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In Brief

Borough

UK NEWS

Government plans broad overhaul of food laws

By Bridget Bloom

THE BRITISH Covernment is planning to take wide-ranging powers to compel the licensing of food manufacturers, restaurants and corner food stores, to seize and destroy unfit food and to insist on training for those handling food in a com-

A draft food bill, which would mean a considerable extension of existing powers, is understood to he hefore the Cahinet committee on food safety set up by the Prime Min-ister in February at the height of the salmonella-in-eggs and listeria scares.

The hill is expected to he given priority in the autumn ession of Parliament. Ministers may decide to issue a draft law on the bill before Parlia-

ment's summer recess.
The Government's intention to hring forward food legisla-tion has heen given added urgency this week by food poi-soning cases involving the dan-gerous and hitherto rare botu-lism.

A total of 22 people are being treated in hospitals in north west England and north Wales after eating hazeinut-flavoured

voghurts. yeghurts.
Health officials in Folkestone Kent, said yesterday that
inadequacies in heat treatment
caused the outbreak of botulism in bazelant purée supplied hy a factory in the town. They halted the manufacture

of all low-acid food products at Young's Fruits until agreed improvements are carried oot.
The proposed legislation will
replace the Food Act of 1984, itself a consolidation of legislation stretching back in some cases to the 19th century. The act has been under review for

nearly six years.

Government thinking on the

THE Government last night

braced itself for a series of bad results in yesterday's Enro-pean elections, with Mrs Thatcher still publicly defend-

ing British sovereignty and rejecting the "centralising ten-

100-page consultative docu-ment, although particular aspects have been clarified by ministers over the past few

The Government's aim appears to be not only to plug the many gaps in the 1984 leg-islation but to provide a more cohereot legislative framework to cope with the considerable changes in food technology and with directives on food safety emanating from Brus-sels in preparation for the sin-gle market in 1992.

The principal features of the hill are expected to include:

Powers to enable the Government to promulgate emergency control orders in cases involving unfit food or drink whether home-produced or

 A wide range of new powers of enforcement. Environmental health officers, for exampla, could seize batches of unfit food rather than only the

tested samples.

Trading standards officers would be empowered to enter factories, dairies or other food establishments to inspect the manufacturing processes of food production instead of being limited to testing the finished product, as at present.

Powers to enable the compulsory registration or licential. restaurants, sandwich bars or other food retailers.

At present, only "premises used for the sale or manufacture of ice cream . . . sausages, potted, pressed, pickled or preserved food" need a licence, although even here catering premises are

 Powers to make compulsory the training of people handling food for sale. No such training

Thatcher rejects centralised EC

Private telephone networks liberalised

By Hugo Dixon

MEASURES to liberalise private telecommunications networks in the UK allowing a new class of private operators to emerge were announced yes

to emerge were announced yesterday by Lord Young, the Trade and Industry Secretary. The measures, which take effect next month, will challenge British Telecom and Mercury Communications, Britain's rival telecommunication groups, and make the UK the most liberal country in Europe in this respect.

Europe in this respect.

The measures announced The measures announced yesterday will also curb nuisance fax and telephone operators in response to the growing annoyance people experience from being inundated with unwanted calls.

Private networks are constructed by leading telephone

structed by leasing telephone lines from the public operators. There is already a healthy mar-ket in the UK in leasing such lines, thought to be worth about £500m a year in revenue

However, there are at present a large number of compli-cated restrictions on what pri-vate companies can do with these lines. This has prevented the market developing as fast as it should have, the Govern-

as it should have, the Government believes.

The new regime will allow companies to lease lines from the public operators and then sell capacity on them to third parties. The London Stock Exchange and Reuters, the financial news service, for example, would be able to use their extensive networks to offer rival phone services to the established operators in the established operators in the City of London.

Groups of companies will also be allowed to share the same networks. When several companies from the Sonth West of England wanted to pool their telephone traffic on a single network last year, they were stopped by the regulations.

Companies will also be able Companies will also be able to link their suppliers and customers to the same private network. Building societies, for example, might wish to link up with their estate agents; and insurance companies with their brokers on their own telephone lines.

Unemployment falls to 6.4% as earnings growth steadies

Vacancies

By Simon Holberton, Economics Staff

THE NUMBER of people claiming memployment benefit fell to its lowest level for 8½ years after a 23,000 fall in the seasonally adjusted count in May to 1.83m, the Department of Employment said yesterday.

Last month's fall, who decime compares with a 60,200 decline in April, was the 34th consecutive monthly reduction in the jobless count and took the unemployment rate to 6.4 per cent of the adult workforce, its

lowest level since November Against the City of London's worst fears the figures showed that there had been no pick-up in the rate of growth of under-lying earnings in tha whole economy or the manufacturing sector. At an annual growth of 9% and 9 per cent respectively in April earnings growth was unchanged from the levels in

> The underlying growth in earnings in the service sector rose to 9½ per cent from 9 per cent in March on the back of higher pay settlements in the retail sector of the economy.

Despite the apparent slowing in the monthly rete of decline, Employment Department officials said the April and May figures had been distorted by the incidence of Easter this year falling wholly in April

April the largest monthly fall in more than two years. **UK unemployment**

Employment in the energy and water industries fell by 5,000.

Since the beginning of the year growth in manufacturing employment, which was relatively robust in 1968, appears to have tapered off. This would be consistent with the relatively little growth in manufac

tively little growth in manuacturing output since the third quarter of last year.

Vacancies at Jobcentres fell hy 3,900 in May to 218,200. Vacancies have been fallen every month since last December and are new 26,200 or 14,3 every month since last December and are now 36,300, or 14.3 per cent lower than a year ago.

Mr Norman Fowler, Employment Secretary said: "The rate of unemployment in the UK is lower than the European Community average. Over the past year the UK's unemployment rate has continued to fall faster than any other major industrialised country."

alised country."
Mr Michael Meacher, the opposition Labour Party's employment spokesman, said. "Unemployment is bottoming out at nearly twice the 1979 level. A steep drop in vacancies this month compounds a steady fall of 47,000 over the last 18 months and is mother sign that unemployment could sign that unemployment could be rising before the end of the

admits rate swap was illegal

THE London borough of Hammersmith and Fulham will not contest allegations by its auditors that it acted illegally in when it agreed some fibn in interest rate swap and options contracts with banks.

Failure to contest the allegations increases the likelihood that a judge will order the contracts cancelled, thus causing tracts cancelled, thus causing losses for the council's bank

counter-parties of up to £186m over the next five years. Eye pays damages

Private Eye, the satirical maga-zine which last month was zine which last month was ordered to pay record £600,000 libel damages to the wife of the Yorkshire Ripper, an award due to be challenged in the Appeal Court, yesterday agreed to pay "substantial" damages and costs to a London barristic. and costs to a hunter target ter, Mr Julian Byng, over an article about a private visit hy two judges to his holiday home in Barbados.

Britain's higgest brewers yes terday rejected a suggestion by Lord Young, the Trade and Industry Secretary, that they could retain all their public could retain all their pullet houses but that a proportion should he operated on an arms-length hasis with the freedom to sell any beer.

Dog vote lost

The Government's majority fell to 13 in the Commons in early hours of yesterday morning, when 30 Conservatives defied the whips and supported a proposal to introduce a registra-tion scheme for dogs. The issue has grown in importance at Westminster after a spate of dog attacks on the public.

Rose theatre

Tha remains of the Shake-spearean Rose Theatre will not be scheduled as an ancient monument, the Government said yesterday, hecause the developers' new design for an office building on stilts will both protect the remains and allow them to be displayed to

These provisions, and existing powers which would be brought forward into the new legislation would, it is thought, give the Government sufficient power to lay down and enforce standards for processing, dis-tribution and retailing of so-called cook-chilled foods, one of the areas most criticised

The bill is also likely to introduce powers to control what are called novel foods and processes, which could range from the irradiation of food, to new packaging materials and the use of new biotechnological methods in food production.

as lacking in safety.

The hill's provisions are likely to be welcomed in general by the food industry whose advice has been sought by Government in a lengthy sultation process.

However, it may well not go far enough for some critics.
The Government saams unlikely, for example, to change the system under which the implementation and enforcement of food safety regulations are largely in the hands of the local authorities, who employ both the environ-mental health and the trading standards officers.

Neither is it likely to be clear from the draft hill precisely how the Government intends to interpret its new powers.

Any resulting Food Act is expected to provide the enabling legislation. The detail on precisely what form of registration or licensing of food astablishments will be assumed for the company of the required, for example, and what penalties might ha imposed on transgressors - is likely to emerge only in future regulations.

ment which had created a

Labour a clear lead in the con-test for Britain's 51 seats in the European Parliament, the Prime Minister staged a last-minute appeal in the Com-mons for Tory supporters to trop out and weten turn out and vote. Mrs Thatcher told MPs that With opinion polls giving it was a Conservative Govern-

strong Britain and voting Con-servative would help to create

a strong Europe.
The results of the elections will not be known until next Monday but last night Labour was increasingly confident of making significant gains.

Trade gap worse than thought By Raiph Afkins, Economics Staff

and that they held to their esti-

mate of a 40,000 a monthly underlying fall in unemploy-

Yesterday's figures show

clearly, however, that the services sector of the economy is

absorbing the growth in tha labour market. Employment in manufacturing fell by 18,000 in

1988

BRITAIN'S current account deficit in the first three months of 1989 was nearly £500m worse than previously thought, Gov-ernment statisticians said yes-

terday.

Revised figures released by the Central Statistical Office also showed that the improvement in the deficit since the last three months of 1988 was less than earlier figures had suggested. They are likely to intensify pessimism about this year's current account.

In the first three months of 1989 the seasonally-adjusted current account deficit was £4.83bn, compared with tha previously estimated £4.36bn. Figures for the fourth quarter of 1988 were revised from

£5,48bn to £5,58bn.
The difference is explained almost entirely by downward revisions to the surplus in

"invisibles" which includes the overseas earnings of service industries and from interest, profits and dividends. In the first quarter of 1989 the inviside surplus was £1bn against tha previous estimate of

Last year's current account deficit is now shown as reaching £14.94bn compared with the previously announced

£14.676m.

The 1967 deficit was £2.96n.

Current account figures continue to he plagued by so-called "black-holes" in national economic statistics caused by errors and omissions.

The current account deficit chould exten with a charge in should equal, with a change in sign, net transactions in assets

and liabilities but the first quarter needed a "balancing The CSO said there have been large positive balancing items in the past three years, averaging more than £13bn a year. "This persistence inevita-bly throws doubt on the qual-ity of tha figures in the accounts in these years," it

warned.

The hreakdown of investment flows shows direct investment into the UK by overseas residents reached £4.23bm in the first quarter of 1989, up from £3.36bm in the previous three mouths. At the same time direct investment overseas by UK residents increased. seas by UK residents increased from 25.6bn to 26.24bn.

Portfolio investment in the UK by overseas residents - including purchases of shares and government stocks – were reduced by £1.98bn in the latest quarter. Overseas portfolio investment hy UK residents reached £5.15bn.

(2) March Barry, and Community of the control of

SIEMENS

By Michael Cassell, Political Correspondent

When the chips were down, Siemens helped keep Alan Sugar sweet.

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Financial sector 'set to gain from single market'

By David Laccelles, Banking Editor

THE European Community's plan to create a single market by 1922 contains more opportu-nities than threats for UK-based financial institutions, aithough it is unlikely to pro-duce rapid changes in the financial services business. The Bank of England reaches of 400 km/s, building

survey of 400 banks, building societies, insurance companies, ind managers and professionals published yesterday.

The survey is the most authoritative assessment so far made of financial services atti-

tudes towards 1992, and was conducted both to find ont what companies are up to, and to stimulate their awareness of imminent change The Bank says that 1992 will

accelerate the evolution of the European financial markets in line with global trends towards deregulation, but will not itself usher in "a brave new world." A genuine single market is most likely to develop first in financial products for large corporations — a trend which is already observable. But any-thing approaching e true single market in retail services is expected to be limited to a

expected to be limited to a small range of items such as credit cards for some time.

The Bank says UK financial services industry appears confident of its ability to handle inward competition because of the traditional groupes of UK the traditional openness of UK markets, and the institutions'

belief in their own capacity and competence. Even so, they will take action to secure their home base because of the threat of foreign competition

However, the survey also shows that 1992 is unlikely to produce large bank takeovers, though there might be some restructuring at lower levels. Mergers and collaborations among institutions often for among institutions, often for defensive reasons, are also

Among the countries where UK-based institutions are most likely to seek to expand are France, Italy and Spain; because of both their size and prospects for change. The German market is seen as too tight and static

tight and static. London comes out well. Respondents, even those from elsewhere in the EC and outside it, said they saw it as their preferred base to run pan-European operations. However, many of them were worried about the rising burden of UK regulation, and said this might

regulation, and said this might prompt them to move out.
Generally, the Bank says, awareness of 1992 has improved greatly among financial institutions, and many of them have gone a long way towards establishing a corporate strategy which takes account of 1992. Some were still trying to decide what to still trying to decide what to do, but some had failed to address issues effectively.

Rapid response to aviation faults

Michael Donne on the trouble-shooting network guarding air safety

HE SPEED in which Britain's Civil Aviation Authority has responded to the problems on respondent to the problems on certain Boeing 737 engines this week has focused attention on how the regulatory bodies keep check on safety.

Within 48 hours of the first

reports of a fan-blade failure in a CFM-56-3C1 engine on a Dan-Air 737-400 flying from Gatwick to Minorca, 12 aircraft used by five UK airlines were grounded, and within another 24 hours the rest of the world

24 hours the rest of the world fleet of 737-400s using the same engines had been grounded.

There were clear similarities with The fan-blade failure on Dan Air — the independent UK carrier — and the blade failures to the British Midland 737-400 which crashed in the Midlands last January.

The secret of the rapid response to such a serious safety problem lies in a complex network of information exchange between the world's airlines, aircraft manufacturers and regulatory authorities, which ensures that within hours of an incident virtually every one in world air trans-port knows about it. In the UK, the basic informa-tion is contained in a Mandatory Occurrence Report, or

MOR, filed by a pilot or a

ground engineer when any



The Midlands crash: a source of vital airline safety information

thing goes wrong with an air-craft to flight or on the ground.

craft to flight or on the ground. Thousands of reports are filed each year with the Civil Aviation Anthority (CAA).

Some are filed directly with: CAA personnel working at airline maintenance bases. Others go to the Air Accidents Investigation Branch of the Department of Transport if they are ment of Transport if they are serious enough.

All of them are filed on com-puters at the CAA's own Safety Data & Analysis Unit at Gatwick Airport, London. There is always an immedi-

ate response to any incident

that reveals similarities to past

CFM-56 engines — told the CAA there was major problem. As a result CFM recom-mended all operators of 737-400s to use reduced maximum take-off power from the 23,500 lbs to 22,000 lbs. The British Midland incident

CFM International - the

joint company set up by Snecma of France and General Electric of the US to build the

on Sunday, when one of its 737-400s with 3C-1 engines experienced a similar fan-blade failure was reported immedi-ately, this time to the Air Accidents Investigation Branch,

because it involved the structural integrity of the engine, which in turn told the CAA. The CAA's Safety Regulation

Group - which oversees the safety decided the similarities between the Dan-Air and Brit-ish Midland incidents, and the Midlands air crash, were so close as to warrant grounding all 12 737-400s with 3C-I

engines on the register. Boeing the aircraft manufac-turer, CFM International and its partners Snecma and General Electric on the engines, the airlines, and other airworss authorities were all kept informed.

When the grounding order came, the airlines were poised to respond, and the US Federal Aviation Administration soon followed suit.

What is now happening is that a worldwide investigation into what caused those fanblade fractures is in progress

Every aero-engine manufac-turer in the world is as deeply concerned as CFM about what has happened, for the inquiry reflects on the integrity of manufacturers.

Until the cause is established and a solution found, whether by fitting new fan-blades or redesigning the engine, the 33 aircraft involved, including 12 in the UK, will stay

Boeing to discuss options for restoring **737-400** services

By Michael Donne and Lynton McLair

BOEING, the US aircraft the grounding of its 737-400s by manufacturer, is to meet the using aircraft from one of its Civil Avietion Authority and the five UK airlines whose Boeing 737-400 airliners have been grounded, today at London's Gatwick Airport to discuss options for getting the aircraft back into the air.

The meeting has been called to consider first, whether the 737-400 airliners should be fitted with the B2 version of the CFM56 engines in place of the 3C-1 engines currently fitted to the UK fleet of 12 Boeing

737-400 airliners.
Fan hlades in the 3C-1 engines failed on three occasions in flight, twice last weekend and in January when a British Midland Airways' Boeing 737-400 proched billing 47 ing 737-400 crashed killing 47

people.

The representatives will also consider whether the front fan

and disc on the 3C-1 engines should be replaced and whether the complete fen assembly should be changed. The French-based makers of engines fitted to the grounded Boeing 737-400 airliners said, bowever, that no defects had

been found in engines so far examined. British Midland Airways is

meeting the crisis ceused by

major sharebolders, Scandina-vian Airlines System.

Air Europe, the holiday charter and scheduled airline of International Leisure group which had to ground its four Boeing 737-400 airliners, bas had to cancel four of its flights since Monday. Air Europe passengers were transferred to other, scheduled airlines.
• Important recommendations

for the improvement of air safety were approved by the Government yesterday, which also turned down suggestions for e number of major changes to the present system, Rachel Johnson writes.

Mr Paul Channon, the Transport Secretary, said the Government broadly accepted the analysis of the Civil Aviation Anthority's air traffic control safety record by the all-party transport select committee in transport select committee in Parliament.

The committee's recommendations for a main second runway at Gatwick was rejected by the Government, although the committee asked that one should be provided in spite of the 'many difficulties, obstacles and inevitable controversy" that would follow.

Venture on substitutes for CFCs

By John Hunt, Environment

SEVEN chemical companies from around the world have agreed to collaborate on a joint research programme costing fin to test safe alternatives to chlorofluorocarbons (CFCs), the materials which cause depletion of the atmo-

Sphere's ozone layer.

The companies will pool resources to test substances HFA-124 and 125, which are potential replacements for CFCs in a variety of applica-

The substitutes will be tested to ensure that they have no dangerous side effects.

Companies taking part are Allied-Signal (formerly Allied Chemicals) and Du Pont in the US, Atochem in France, ICI and ICC Chemicals Ltd in

US, Atochem in France, ICI and ISC Chemicals Ltd in England, Dathin of Japan and Montefluos of Italy.

The programme will avoid duplication of tests by participating companies and should shorten the overall toxidity testing period from six er seven years to about five.

It will also prevent overloading of laboratory space and ensure the supply of substitute materials in which there are shortages.

sacrages.

Dr Brian Joyner, business development manager, of RTZ Chemicals, parent of ISC, said he expected the development of safe alternatives to CFCs to he "a long haul".

HFA-124 is being considered as an alternative for CFC-12

and CFC 114 which is used in thermoplastic foams which are employed in packaging, in insulating material and as a

HFA-125 is a possible alter-native for a mixture including CFC-115 which is used in a variety of refrigeration systems.
The two substitutes have shorter atmospheric lifetimes than CFCs

BSB wins satellite channels

By Raymond Snoddy

BRITISH Satellite Broadcasting, the satellite television company, was yesterday awarded the UK's last two high-power satellite channels by the Independent Broadcast-

ing Authority.
This should mean, subject to technical tests, that BSB will launch its service next spring as a five-channel system. BSB, which last month post-

poned its planned September launch because of technical dif-ficulties, was originally awarded three direct broad-casting channels in December 1986. Like other European countries the UK was allocated five DBS channels and the Government decided to bring forward plans for the remain-ing two channels after the launch of Mr Rupert Murdoch's Sky Television on Astra.

Sky Television on Astra.

BSB plans to use its two extra channels for NOW, an information channel, and The Power Station, a channel based around pop and rock music. The original three channels will be The Movie Channel, The Sports Channel and Galaxy, an entertainment channel.

BSB's shareholders include Granada Pearson (mublishers)

Granada, Pearson (publishers of the Financial Times), the Bond Corporation and Reed International • The BBC has signed a

five-year agreement for a tele-vision channel on Olympus, the European Space Agency's experimental satellite, to be launched next week.

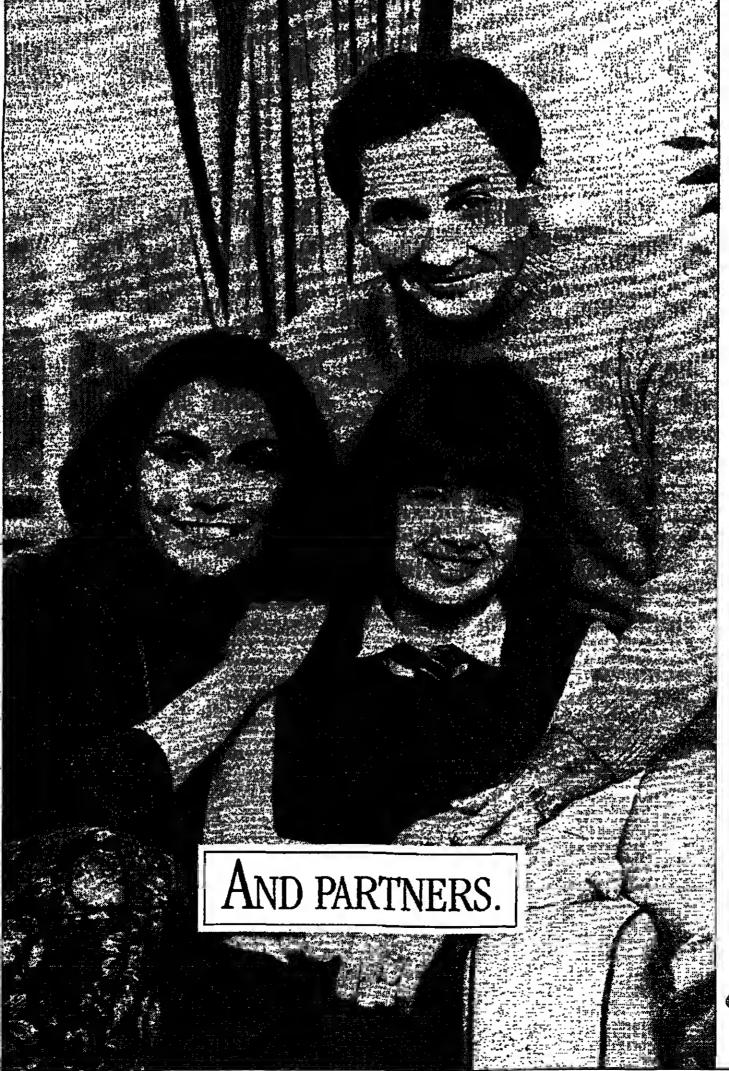
The BBC will use of the sat-

ellite between 5pm and 1am Central European Time to transmit over Europe to cable networks and those with suitable receiving dishes.

The channel, BBC Olympian,

will carry programmes from both BBC1 and BBC2, educational and training material and possibly specialist sub-scription services

JONES LANG WOOTTON.



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Until recently, his day (and often his weekend) included such tasks as keeping a close eye on the company's security services, or supervising the overhaul of the airconditioning system, or sub-letting unused space, or even making sure the cleaners were out on time. Or any of the hundred other problems concerned with the day-to-day running of a property.

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FIFTY OFFICES IN EIGHTEEN COUNTRIES

W. German group forms joint UK car part venture

component industry, Lemfor-der of West Germany is entering a joint venture with United Engineering Steels for the manufacture of suspension and

steering parts.
UES, the UK's second largest
steel maker manufactures ball
joint assemblies and tie bars at its Special Products Darlaston business in the West Midlands. This business is to form the

basis of a new company to be owned 50/50 by UES and Lem-forder which is 51 per cent con-trolled by ZF, the West Ger-man gearbox maker and engineering company. UES is contributing the Dar-laston business which sells to a

number of car makers, including Ford and Rover. Lemforder will provide cash for share and The British company said

yesterday that the new com-pany, to be called Special Prod-ucts Lemforder would benefit from the technical and market-

IN A further move by continental European companies into the UK automotive component industry, Lemfor-

Mr Paul Ballmeier, Lemfor der's chief executive and a ZF director will be chairman of the joint venture business. Mr Jim Evans, plant director at Darlaston will become manag-

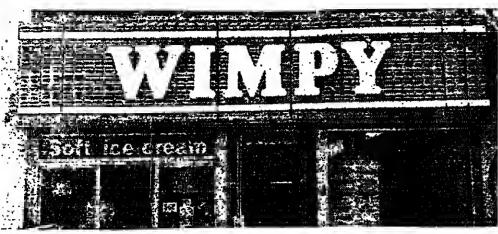
The Darlaston company employs 210. The new company is expected to begin trading

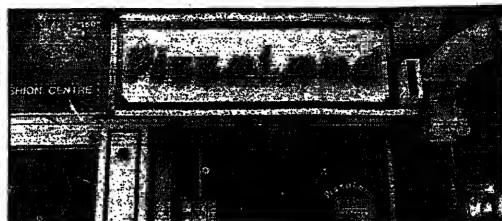
next month. The British motor component industry has seen a number of acquisitions by non-UK companies, joint ventures and the setting up of greenfield sites in the past two years.

These include the purchase

of the Lucas lighting business by Marelli of Italy and the set-ting up of Japanese component plants near Nissan in the north-east. The trend has accelerated recently with the deci-sion of Bosch of West Germany to build a plant in South

MANAGEMENT





here is, Simon Tuckey

here is, Simon Tuckey says, more than one way to skin a continental cat. The marketing director of UB Brands, the baked goods division of United Biscuits, rolls a packet across the desk, fresh from the company's ovens at Asbby-dela-Zouche, crackling in an unfamiliar wrapper. Grancereale, it reads, and to one side, the brand name Barilla. the brand name Barilla.
Of course, Nabisco's conti-

nental biscuit and snacks businesses - so recently and so gallingly snatched from under the gathering bidders' noses by France's BSN — would have given Britain's biggest biscuit maker a more substantial cut-ting edge in Europe. But the new link, baking cookies for Italy's Barilla, one of the conti-nent's largest private food companies, illustrates UB's other options for pursuing profit in

There are more, similar, plans in preparation — it is now standard practice for the company to test market new products in Milan and Bonn in tandem with trials in Mancbester and Birmingham – and the acquisition file is still open. The recent reorganisation of

its European snacks business, bringing the fledgling Belgian Westimex and French Sepa under the wing of the core KP operation in Britain, confirms a timely focus on European markets. And this week's prep-arations for the sale of fast food chains, Wimpy, Pizzaland and Perfect Pizza, demonstrate a determination to concentrate on the core businesses; bis-cuits, snacks, confectionery and frozen food, which account for about 95 per cent of sales and trading profit.

Wimpy, a substantial part-owned, part-franchised hamburger chain, has been through the fire in the past few years, but has recently emerged as a worthy competitor to McDon-ald's with a claimed 33 per cent

Back to the basics of biscuits

Christopher Parkes examines the background to United Biscuits' decision to sell its fast food restaurant chains and concentrate on building more value into its core businesses

bite of the burger market.
Pizzaland, meanwhile, has some way to go. Ranking second by market share, with 159 restaurants at the end of 1988, it falls much further behind Pizza Express in terms of customer preference. Much work is being done on repositioning the chain, extra staff are put-ting a little more zip in the service, but trading profits of only £1.5m on sales of more than £60m last year snggest that UB is well advised to leave the selling of pizza to the experts and stick to what it knows best, food manufacture.

With BSN now sporting the crown of Europe's biggest bis-cuit maker, and with stiffening local competition in the UK from the likes of Northern Foods (another company routed out of the Nabisco auction by BSN), UB is looking to its laurels. By the standard measures, the group's 47 per cent share of the overall bis-cuit market in branded and retailers' labels gives it a pow-erful position in the UK mar-

Biscuit prices relative to inflation

82

83

ket. But that market is frag-

menting.

By Tuckey's reckoning, the £1.2bn biscuit market is under challenge from confectionery countlines such as KitKat, bread, cakes, crisps, nuts, even fruit and prepared sandwiches. Accordingly, UB as a group is moving outwards into these areas in co-ordinated fashion. areas in co-ordinated fashion.

UB Brands, meanwhile, is busy chipping away at the countline business, selling biscuit-based coated products. Hob-nob bars and a new product, Gold Bars, are expected to turn over £25m this year from a standing start in 1988. The aged Penguin has also been dusted off and given a normo-

dusted off and given a promo-tional hoost, with the result that in the first four months of this year, UB's share of the multipack countlina market climbed to more than 23 per cent from 19 per cent last year. UB Brands has been transformed to copa with changing market conditions. Last year it absorbed the own-label biscuit

is now focused entirely on nuts, crisps and other savoury snacks. Under the control of snacks. Under the control of Eric Nicoli, recently named as heir apparent to chairman, Sir Hector Laing, it has been divided into four discrete profit centres – hiscuits, haked snacks, speciality biscuits and McVitie Cake – More, smaller

ponds for people to be hig fish in," Tuckey says.

He has especially high hopes for the smallest of these ponds, speciality biscuits. This is currently occupied by Simmers, a little known UB company, turning over a mere 19m a year, compared with £341m from the mainstream biscuits business. It has the job of tack-ling the interlopers, generally small independent manufactur-ers, which have carved out a presence for themselves among the smaller specialist retailers in the underbelly of the mass

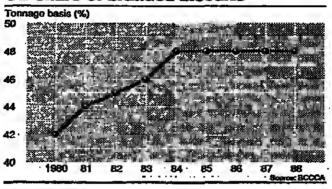
There is also an international dimension to the com-pany's new policy. Although UB already exports some 19 per cent of its inscant output, with 540m of sales income from con-tinental Europe each year, Tuckey admits that competing with entrenched mass market competitors supplying longes-tablished specialities is an unbill task

However, he says, continen-tal biscuit makers face compe-tition similar to that in the UK, with countlines and other snacks gaining favour. Since these tend to come in novel forms with new tastes, he con-siders UB, with its legendary production efficiency, quite capable of competing effec-

At home, meanwhile, the company is absorbed by prob-lems brought on by the effi-ciency which has given it its powerful position in the mar-

"Look at that," Tuckey snorts. A graph on the wall shows the retail prices index since 1980, 27 points higher than the index of biscuit prices. "Those damned lines go all the way back to 1945 like

UB share of branded biscuits



UB is a victim of its own success, he says. The group's response is showing through in efforts to push more sophisticated and expensive product cated and expensive product into the shops. It is currently promoting Boasters, a pricey new line with a gross sales value of \$3,500 a tonne, compared with around £1,100 for McVitle's digestives. Mini Cheddar biscuits and the Gold Bar and United countlines sell at around £3,000.

at around £3,000.

It was to push more of these products into supermarkets that UB scrapped almost 40 routina brands between 1986 and 1988. But the project has had little discernible success. The group has not lost market share, but much of the shelf space it freed has been taken up by run-of-the mill products—"there's still tons of cream crackers and not enough chocolate"— and copies of UB's best-selling Hob-nobs. Fox's, the Northern Food subsidiary, the Northern Food subsidiary, piled in with a new range of assortments, a market sector previously believed to be in terminal decline, and discovered it had too little capacity to

meet demand.

Looking on the bright side,
Tuckey suggests that this conservatism in consumer tastes
and retailing tactics, combined
with good old British zenophobia, may offer some protection from any planned invasion by BSN's continental brands. However, at least until UB

However, at least until UB succeeds in upgrading UK biscuit-eating habits, there is another, much more secure obstacle to imports: the sluggardly biscuit prices index. With basic biscuits selling in community countries at almost twice the prices prevailing in the UK, no overseas manufac-turer will willingly throw itself. on that particular bed on nails.

American CEOs take a parochial view of competition

By Michael Skapinker

merican chief execu-tives think that their successors will have to be good public speakers who know how to deal with the

They do not, however, believe that the chief executives of the future will need any foreign language skills or international business experi-ence. Nor do they think that foreign competitors will pose much of a threat to US compa-

much of a threat to 0's companies in the 21st century.

Business leaders in Japan,
Western Europe and Latin
America take a different view.
They believe that the chief
executives who lead their companies into the 21st century panies into the zist century will have to be fluent in sev-eral languages and have exten-sive international experience. They think that their successors will face an increasing level of international competi-

tion.
The authors of a new report, based on a survey of over 1,500 senior executives in 20 countries, think that the Europeans, Latin Americans and Jap-anese are right. The American view, they say, is worrying and

depressing.

The report, by headhunters
Korn/Ferry International and
the Columbia University Graduate School of Business, says
that "the insularity of US attitudes towards international husiness and international husiness and international communications, while neither unexpected or new, points to a continuation of America's lagging competitiveness.

"By discounting the importance of an international outlook outlook outlook outlook outlook outlook outlook outlook

tance of an international out-look, of multilingualism and of foreign assignments, our US respondents gave expression to a parochialism that can only inhibit opportunity."

What the US executives were worried about was the level of

government regulation of busi-ness. "Indeed, government reg-ulation is viewed as the most serious threat of all by US respondents, who believe that the era of deregulation is behind them," the report says. The Americans were also worried that future chief executives would not be abla to

attract enough qualified staff.
The Japanese respondents, on the other hand, were optimistic about the continued availability of qualified

employees. They did not think that government regulation posed a particular problem. They did, however, regard for-eign competitors as a threat— hence their apprecia on the

eign competitors as a threat hence their emphasis on the importance of language skills and global experience.

The Japanese also thought that chief executives in the year 2000 would need to understand technology. The Japanese perceive technology, in its many manifestations, as the key to success in the 21st century. In line with their emphasis on new product developtury. In line with their empliasis on new product development, our Japanese
respondents rated such areas
as research and development
and technical education more
highly than their counterparts
in other regions."

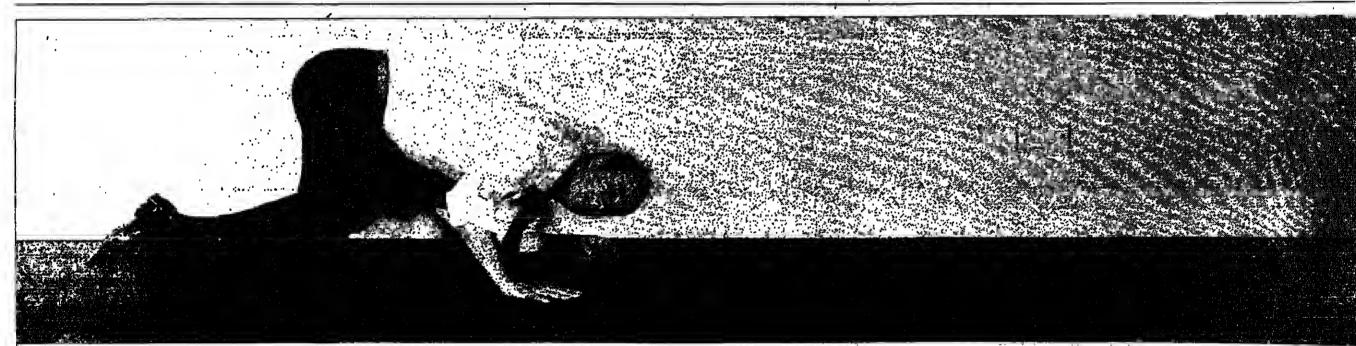
The Japanese also thought
that the business leaders of the
future would continue to make
all the important decisions.

all the important decisions. The chief executive's involve-ment in all decision-making processes has long been a dis-tinguishing feature of Japan's corporate structure," the

"Although Japanese respon-dents predict a slight decrease in this trait between now and in this trait between now and the year 2000, they still con-sider it more important than any of our other respondents. While responsibilities in the Japanese corporation are invariably delegated, the chief executive will still have to approve all significant plans." The Western Europeans thought that the chief executive of the future would, ideally, have had a specialised education. The report found

that Western European executives valued a liberal arts education less highly than their counterparts in other regions. They also placed less empha-sis on experience in different business functions than chief executives elsewhere. "Fewer than half the executives from Western Europe considered such experience very impor-tant, compared to about tworegions. These figures suggest tional excellence in a single area as an important criterion

for executive advancement."
Reinventing the CEO, from
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Excel in all these qualities, and your office will prosper

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Get to know each client like family. The client who is audacious in business life may shun risk when choosing investments for his private account.

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It is the custom of American Express Bank's most senior people to meet with prospective clients. To arrange an introduction, please contact the head of office in any one of these 42 countries.

TECHNOLOGY

If the community charge cannot be collected efficiently, UK councils will lose a lot of money. FT writers assess the technical solutions

regional council, in , north-east Scotland, makes another meil shot to its community charge payers, lt receives e wave of replies from peo-ple saying that they have moved

12

"The annual rate of changes to the register is running et 40 to 50 per cent at the moment," says Devid Berrie, the council's director of computer services. "There seem to be people who move house at least four times a year."
Berrie has been involved for two

years in devising, testing and operating the system for collecting the community charge, or poll tax, from 400,000 people in the region. The system works - payments are coming in - but at a cost of hundreds of extra man-hours of work, data processing runs of 100 hours and a heavy investment in hardware and software. The community charge uses up as much computer file stor-age space as all the council's other systems put together.

The charge came into force in Scotland in April, a year ahead of England and Wales. The domestic rating system, a tax on each dwelling, has been swept eway; now each adult pays a single rate to his or her local authority. Some people are entitled to a rebate of up to 80 per cent. Instead of 1.2m householders paying rates, the tax has to be col-lected from 3.7m individuals. The core of the system is a continually updated "rolling" register which

speaked rolling register which keeps track of each person.
Scotland's nine regional councils, the upper tier authorities which administer the tax (unlike in England where lower tier district councils are responsible), started

The High Street elec-tronic cash revolution has reached the UK's

in an sttempt to smooth the payment of the community charge, several local authorities plan to install through the wall cash machines. Although they look like the ubiquitous bank and building realety cosh disposures there society cash dispensers, there is one crucial difference: you

have to put money in.

The poll-tax machine is supposed to reduce administrative costs by cutting the number of over the counter payments at post offices and town halls. It also makes it easier for lowearners or people without bank accounts to pay in instalments. Philips Business Systems, a UK subsidiary of the Nether-lands company, is adapting its conventional cash dispensers

Westinghouse Cuhic already manufactures a payment system for four electricity boards.

for the purpose.

Rolling register rocks the poll tax system

assessing their software require-ments two years ago. The four users of ICL equipment

 Lothian, Fife, Grampian and Highland – drew up a joint specification for the software programmes they wanted to cover registration, billing, collection, rehates and recovery. They worked with ICL and with CSL, the commercial arm of the Chartered Institute of Public Finance and Accountancy which drew up a manual for the Government on how to operate the community charge.
Grampian launched an initial

canvass of potential community charge payers in April 1988 using the interim software prepared by ICL. To create the first draft register, says Berrie, "we took the addresses from the rating valuation roll and tried to match them up with the names on the electoral register using the two computer files. Then we sent out registration forms and when we got the replies we updated the file."

This canvass rapidly revealed the inadequacies of these sources as a basis for the tax. The electoral register is always out of date as it is published in February using data collected the previous October, and 25 to 30 per cent of it changes each year. It does not include certain people, such as aliens. In consequence, a huge number of differ-ences had to be dealt with.

When the mainstream eoftware arrived from ICL last August, it took three weeks of running pro-



grammes day and night to transfer the data from the interim register to the new file structure. At the same time, acceptance testing of more than 1,000 software programmes was carried out - taking many more man-weeks than the council had estimated.

The next stage was to print out notifications based on the canvass and send them to the 400,000 people on the register. "The first thing that happened was that a load came back saying they had changed address – about 15 to 20 per cent in just a few months," says Berrie. "Of

course, every time a family moves that can involve four people chang-ing address, instead of just one change under the rates system."
With the notifications, details

went out of how to obtain e rebate and how to pay the community charge. "It is important to get as many people as possible to pay by direct debit," says Berrie, "because direct debit is a computer-generated eystem which automatically tags the person's reference number to the payment, making it easier to identify. It's better in that respect than standing order payments.

"The reference numbers are important because with the community charge there are so many pay-ments of exactly the same amount Under the rating system, where everyone was paying different amounts, it was often possible to trace someone's payment by the amount itself, if other details were missing," he says.

But many people in Grampian did
not sign a direct dehit form in

advance and, initially, far fewer people requested rebates than were entitled to do so – despite an advertising campaign to alert them.

register of community charge payers means

council would lose £200,000.

migrating poll tax payers is expected to be too great for it

to be practical to send the lists by post. The most promising alterna-

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It was only when the hills went out in March that people deluged the council with direct debit mandates and rebate requests – and a further sheaf of changes of address. These necessitated sending out new bills incorporating rehetes and

bills incorporating rehetes and changed addresses. The processing of rehates went on well into May.

About 160,000 people — a quarter of the tax payers — have signed direct debit mandates and a further 30,000 standing orders. The majority pay using an A4 sized card which can be stamped by a machine at regional and district council offices, which have terminals linked to the central computer. Some other Scotwhich have terminals linked to the central computer. Some other Scot-tish regions issue books of vouchers which can be used to pay the charge at post offices.

Grampian is unwilling to say how payment is divining to say how payment is going, and it is too early to obtain a full picture since the council is allowing people to pay in two half-yearly instalments, the first of which was only due on June 1. In Scotland overall, the number of payments made during the first two months of the community charge averaged between 60 and 75 per cent of the maximum.

Soon Grampian will be sending out the first batch of reminders to late payers and it is bracing itself for another canvass. The canvass operation is hampered by the fact that the official form, designed by the Scottish Office, does not ask the person his previous address, thus imposing more work on the regis-tration staff in trying to trace peowith the community charge there's no manual system, unlike any other activity of the council," says Berrie. "This is a computer system or nothing."

To make it work, the assessors' department, which administers the community charge, added 20 to its staff of 107. The finance department had to staff offices in Aberdeen and elsewhere to collect the tax. Berrie's own department took on five additional people to add to the existing staff of 30, and hired three more for software development - though et peak times last year it had 10 to 15 people working on this. The computer department worked an extra shift in the computer room.

A mainframe computer was bought from ICL at a cost of £1.6m. The council now has two mainframes, located for security reasons in separate huildings. Terminals, telephone lines and cash receipting equipment had to be bought, hringing the total hardware hill for Berrie's department to about £2.2m.

He believes that the computer He believes that the computer system that has been developed for Grampian is highly versatile in the number of ways it can trace payments, payers and non-payers.

England and Wales will have an easier task operating their poli tax systems; most will receive software that has already been feeted and

that has already been tested, and the smaller district councils will have shorter processing runs than the higger Scottish regional coun-cils. "We've done batch runs lasting 100 hours, English councils may get through them in 20 hours," he says.

James Buxton

service, each local authority is allocated a mailbox on the network, so e message can be sent directly from its computer sys-tem to another anthority's dents is on the move.

To find out which addresses

come under the auspices of which local anthorities - a which local antiorities a particular problem in London

- Telecom Capita is putting together a database listing all the addresses in the country, based on a directory from

Longman, the publisher.

The second service, from the Chartered Institute of Public Finance and Accountancy (Cipfa), will run over a private national data network from International Network Ser-

vices, a subsidiary of ICL. The Cipfa network will use geographic location software supplied by Pinpoint Analysis, of London, to match addresses with local authorities.

Della Bradshaw

Cash payments to go through the wall

Customers who use pre-payment meters are issued with a card, which gives them access to a High Street machine to

buy tokens for the meter.

The principle of the poll tax machine is equally simple. People who opt to pay the community charge by cash or cheque mily charge by cash of cheque will receive a plastic card. The magnetic stripe on it will be encoded with the cardholder's name and a list of hills — council house, garage or allotment rents as well as the community charge. munity charge - which the "customer" can pay through the machine.

The machines accept coins and notes. The value of cheques has to be punched into a simple keyboard. A receipt is

issued showing the date, location and value of the deposit.

In theory, the machines should be able to reveal — as bank dispensers do — how much the "customer" owes the council. But local euthorities, reprised about the need to be a second. worried about the need to pro-tect data and the implication that they are issuing identity cards to low-earners, have refused to allow direct links between the machines and the central council computer.

So each machine has its own data processing unit, on which all the day's information is stored. This can be accessed from a town hall PC, via a modern and the accessed from the store of t modem, and the central com-puter records are then

Raymond Tollman, Wes-tinghouse'e husiness development manager, says the group has already received orders for more than 60 machines. "There are more than 400 local councils, hut although some well-heeled boroughs won't need them, we estimate the market to be more than 600 machines around the country. and it could be as many as 1,000," he says. That level of demand would

make Westinghouse and its joint owners, Hawker Siddeley yand Cubic Corporation of the US, very happy: the machines cost £27,000 each — and some of the larger London boroughs are ordering six at a time. The Philips model is £15,000.

Even a less sophisticated machine from Reading-based Banking Automation, similar to the paying-in machines it has installed in banks, costs at

Andrew Hill

RAND MINES LIMITED

PAYMENT OF COUPON NO. 101

dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the Company in the United Kingdom will be made in Onlied Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which roled on 12th June 1989.

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deducted at the rate of 15 per cent United Kingdom racome tax will also be deducted from coupons presented for payment at the Securities Department of Hill Samuel Bank Limited, unless coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deductions

South African

per Sharu - Conta

18.00

102.00

re made the net amount of the dividend is as follows:

Amount of dividend declared

South African non-r

shareholders' tax at 15%

With reference to the Company's Interim report and dividend notice

On the trail of the mobile resident

If just one per cent of tax payers escape the net, the average metropolitan district would lose £500,000 of annual income, according to Hugh Morrow, Revenues Business Manager for ICL, the computer manufacturer. Outside metrosystems. Operators of two such networks are already touting for business, but the two ser-vices are not compatible. As a result, local authorities could politan areas, the average face either being cut off from many of their peers or sub-And, as Morrow points out, local authorities "need the revenue or there are no services."

The first networks,
The first network operator
to enter the fray was Telecom
Cepite, e joint venture
between British Telecom (BT) A crucial factor in keeping the register up to date will be for each authority to inform others when residents change districts. But the volume of and Capita, the local govern-ment computer services group, of London. On this network, messages are sent via the Telecom Gold electronic mail ser-vice, which is run by Dialcom UK, part of BT. tive is to use electronic com-munications networks linking local anthority computer

Trevor Havelock, of Telecom Capita, says his organisation "hasn't really considered" the

question of swapping data between the networks. But he believes that the stumbling block will be the commercial

block will be the commercial terms of the connection.

What is likely to happen is that one of the two networks will become dominant, giving it more muscle in the negotia-tions over the price paid for data sent from one network to the other.
So far, only a handful of the UK's 400 local authorities are

committed to the service. Chris Howe, of BT's govern-ment national accounts division, says many more are waiting to see which network their neighbouring councils

reduction of capital of the Company which forms part of the said Scheme of Arrangement. In said Petition, by interfocutor dated 14th June 1909, the Court of Beaston has preferred a Measting of the Indicator of the ordinary shares of 25p sect of the Company to be convened for the purpose of considering and, it thought its approving, with or without modification, the said Scheme of Arrangement and has suthorized the directors of the Company to fix the day, flour and place of the said Meating. As authorized by the said financiator the directors have theel the day, flour and place of the said Meating and NOTICE is HEREBY given that the said Meating of the holders of the ordinary shares of 25p cach of the Company will be held to 7 West Nile Street, Chappen on Montage 10th July, 1909, to 10 a.m. or as soon therester as the Extraordinary General Meeting of Muzray Electronica PLC convened for the said was the Extraordinary General Meeting of Muzray Electronica PLC convened for the said street, as the Extraordinary of the said ordinary of the although the Explanatory Statement explaining the Explanatory Statement explaining the effect of the Companies Act 1955 may be obtained by the said Scheme required by Section 425 of the Companies Act 1955 may be obtained Solicitors at Pacific House, 70 Wellington Street, Glasspow Q2 6580 or to 24 Mason Street, Glasspow Q2 6580 or to 24 Mason

With the Telecom Capita

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Under the double taxation surgement between the United Kingdom and the Republic of South Africa, the South African non-resident shateholders' tax applicable to the dividend is allowable as a credit against the limited Eingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 10% instead of at the basic rate of 25% represents an allowance of credit at the rate of 15%.

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12th September 1989

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> Jonathan Wallis on 01-873 3565

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FINANCIAL TIMES

BANK LEUWI (UK) PLC US \$10,000,000 UNDATED PRIMA CAPITAL FLOATING RATE NOTES Notice is hereby given that a Pelitica has been consented to the Court of Session by Marray Technology Investments PLC ("The Company") and Murray Electronics PLC, both companies incorporated onder the Companies Rote and having their respective Registered Offices to 7 West Nile Street, Clasgow, oraving their Lordolips inter alia ('I to order a Meeting of the holders of the ordinary sheets of 25 peach of the Company to be convened for the purpose of consider-ing and, if thought fit, approving, with of without modification, the Scheme of Arrange-ment as set forth in the Appendix to the said Puttlen, (2) to pronounce an Order sanction-ing the said Scheme of Arrangement and (3) to pronounce a further Order confirming the reduction of capital of the Company which forms part of the said Scheme of Arrange-ment.

period commencing 16th June 1989 haben fixed at 94% per arrunn.
The interest amounting to US 550,10 per US \$1,000 and US \$502.04 per US \$1,000 procpal amount of the Notes will be paid on 18th December 1989 against presentation of Coupon No. 8.

BANK LEUNN (UK) PLC Principal Paying Agent bank leumi מאוני 🕀

LEGAL NOTICES

MURRAY ELECTRONICS PLC

Murray Electronics PLC ["the Company"] and Murray Technology PLC, both Companies incorporated under the Companies incorporated under the Companies Acts and having their respective Registered Offices to 7 Weet Nile Street, Glasgow, craving their Lordolips loter alia [1] to order a Meeting of the holders of the ordinary shares of 259 sects of the Company to be convened for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Arrangement as not forth in the Appendix to the said Petition, [2] to pronounce in Order continuing the solution, [2] to pronounce in Order senticellarly the Scheme of Arrangement.

In said Petition, by Intertocutor dated 14th June, 1988, the Court of Session has ordered a Meeting of the holders of the company which forms part of the said scheme of Arrangement.

In said Petition, by Intertocutor dated 14th June, 1988, the Court of Session has ordered a Meeting of the holders of the company to be convented to: the purpose of considering and, if thought the approving, with or without modification, the said Scheme of Arrangement and has settlerised the directors of the Company to fit the day, hour and place of the said Meeting.

As authorised by the said Interfocutor the Company to fit the day, hour and place of the said Meeting and NOTICE is HERSEY given that the said Meeting and NOTICE is HERSEY given that the said Meeting and NOTICE is HERSEY given that the said Meeting and NOTICE is HERSEY given that the said Meeting and NOTICE is HERSEY given that the said Meeting and NOTICE is HERSEY given that the said scheme required by 5 section 425 of the Companies Act 1925 may be obtained by the said Scheme required by Section 425 of the Companies act 1925 may be obtained by the said Scheme required by Section 425 of the Companies act 1925 may be obtained by the said Scheme required and vote to the said Scheme required by the said Scheme upon

In the case of joint holders the vote of the service who benders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be described by the order in which the names stand in the Register of Methods of the Company.

Shareholders are requested to lodge forms appointing proxices as soon as practicable with the Company's Registrars, Crydesdale Sank P.C. Stock Eschange Services Department, The Guild Hell, 57 Queen Street, Glasgow, O1 SEA, and in eny event not later then 48 hours before the time fixed for the Meeting but if forms of proxy to a not so lodged they may be handed to the Chairman to the Meeting.

The Court has authorised the Chairmen of the Company, or falling him any other Director of the Company, to be Cheirman or the Meeting and directed such Chairman to report the result thereof to the Court. The said Schema of Arrangement will be subject to approved of the Court. MEGRIGOR DONALD.

LEGAL NOTICE No. 002059 of 1989 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION MURRAY TECHNOLOGY INVESTMENTS PLC

> SUN ALLIANCE AND - and -IN THE MATTER OF THE COMPANIES ACT 1985

IN THE MATTER OF

NOTICE IS HEREBY GIVEN that a Petition was on the 22nd day of May 1969 presented to Her Majeoty's High Court of Justice for (a) the associationing of a Schame of Armangement and (b) the confirmation of the reduction of the oughtst of the above-named Company in accordance with the provisions of the asid Scheme of Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Peter Gibson at the Royal Gourts of Justice. Strand, Lendon WCZ on Monday the 28th day of June 1889.

DATED BHE 18th day of June 1988.

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FINANCIALTIMES

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The Court has authorised the Chairman of the Company, or falling him, any other Direc-tor of the Company, to be Chairman of the Meeting and directed auch Chairman to report the result thereof to the Court. The said Scheme of Arrangement will be subject to the approval of the Court.

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THE PROPERTY MARKET

get the 1970s property crash. It is at the back of David Goldstone's mind and is at least partly behind the push of Regalian, of which Mr Gladstone is chairman, Into

office property development.

Mr Goldstone has been in the property business since the 1950s. Regalian came to the market in 1972 as a residential specialist and that is what It has remained. But the company which won the plaudits of the stock market in 1986-87 made losses between 1974 and 1978 and did not pay any divi-dends between 1974 and 1982. So Mr Goldstone knows what

it is like trying to stay afloat. It was natural that he should regard a surging house market with a degree of caution. "I was asking when the residen-tial boom will end. The relationship between wages and disposable income meant it

disposable income meant it couldn't continue hut I was always being proved wrong." he said. Until last year that is. This proved to be the sign that Regalian should be doing something else as well. In February 1987, Regalian bought the Bankside site by Southwark Bridge on the south side wark Bridge on the south side of the Thames - a mixed hous-ing and office site. The oppor-

tunity for diversification fell into Regalian's lap.

The group started down a patb others have trod. Trafal-gar House put most of the emphasis in its property devel-opment on residential during the early 1980s before swinging back to commercial in the second balf of the decade. Another, Countryside ProperPaul Cheeseright on Regalian's efforts to diversify into commercial development

A worthwhile, satisfying mix

ties, has been adding a com-mercial arm to its residential

But after the purchase of Bankside, home for two office buildings each of about 150,000 square feet, Regalian consciously followed a policy of diversification. Vauxhall Cross, further west on the south bank, became a development project for 450,000 square feet of offices. A joint venture with Olympia & York at Heron Quays in London Docklands has ao office element of 500,000 square feet. Another with NFC and Higgs & Hill at Bishops-bridge, Paddington, in west London, bas an office content of 385,000 square feet. Here then is a substantial

commercial property develop-ment programme which inevitahly has meant changes inside Regalian. There are similarities between residential and com-mercial development. In both cases, Mr Goldstone said: "You have to identify the profile of the purchaser or tenant and know their expectations, then seek not only to meet those expectations but to offer some-

thing more. But commercial property cashflow can be much lumpier than residential. There might be 100 buyers for 100,000 square feet of residential space but only one or two tenants for 100,000 square feet of office space. A few large commercial projects need different manage-ment techniques than a higger number of smaller residential

In any case, more people had to be hired at Regalian. Two years ago it had 50 people. Now the number has doubled with a hard core of about 35 middle and senior management. Hiring professionals was in fact easier for commercial developments than it would have been for residential. "It is easier to find professionals in various disciplines with experience of the blgb technology requirements of modern commercial huildings. In the UK there has been extensive office building in the post-war period and its been at the forefront for the last 10 years. But on the resi-dential side the only people with significant projects were the local authorities," said Mr

Like most other property companies Regalian buys in professional services – archi-

Year to Dec 88

Year to Apr 89

Retail

tects, quantity surveyors and so on – when they are needed. But these professionals are not given the free hand they used to have in the 1960s, Mr Goldstone recalled. "Now there is a much more hands-on approach. You give a lead to the professional team, so you need in the company people of the disciplines you're employing out-

Regalian executives are split into teams which are in charge of one or a number of projects. The teams report to a development director, who reports to managing director of the Group's operating subsidiaries, who reports to Mr Goldstone. But that chain of command is not as bureaucratic as it looks. The numbers are small and that financial control is imme-

In financial terms, residen-tial and commercial can be a unless the bottom really does fall out of the market, provides a cashflow, which can be fun-

Rental value growth (%)

nelled into the larger commer-cial projects. The more that Regalian can be put into the projects from its own resources, the larger the chunk of investment or profit it can retain at the end of the day. What it seeks to do is to avoid the sort of institutional funding which at the end of the day

creams off the better part of the development profits. "Our role is to create profit-ability with a view to overrid-ing the peaks and troughs in both the residential and com-mercial markets. But it is also to use the generation of devel-opment profits to enable us to retain investments," Mr Goldstone said. This is an orthodox approach

but is different from that at one stage adopted hy, say, one stage adopted hy, say, Heron, which used petrol sta-tion cashflow for the same pur-pose, or Ladbroke, which used betting shops. "Everything becomes a means of creating cashflow to build up net assets," added Mr Goldstone. There is in this at least half

23.9

22.0

1.0

All Property

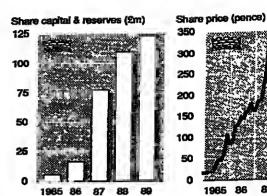
an eye on the Stock Exchange. Before the crash of 1987, the stock market happily accepted property hybrids – companies which were reporting growing earnings while at the same time slowly expanding an asset base. It is now keener on the asset-rich property companies.

Even seen in terms of earn-ings as opposed to asset companies, groups like Regalian are poorly rated. Its price-earn-ings ratio has been 7.5, London & Edinburgh Trust 7.7 and London & Metropolitan 9.5. The list goes on.

Thus far, Regalian's commercial ventures have not left it financially exposed. At Bankside, one building has been sold outright to Pearson for the Financial Times and another has been pre-let to Lloyds Bank. At Vauxhall Cross, the building is being bought in advance by the Property Ser-vices Agency and the payment for that will flow over the construction period.

While residential property revenue, once enough projects are in motion, can flow relatively evenly, commercial prop-erty revenue can be much more erratic unless carefully controlled. Great lumps of revenue, even apart from the diffi-culties of financial management, are inefficient in tax

Earnings per share (pence) Pre-tax profits (£111) Year and March effects of the 15



1985 86 87 88 89

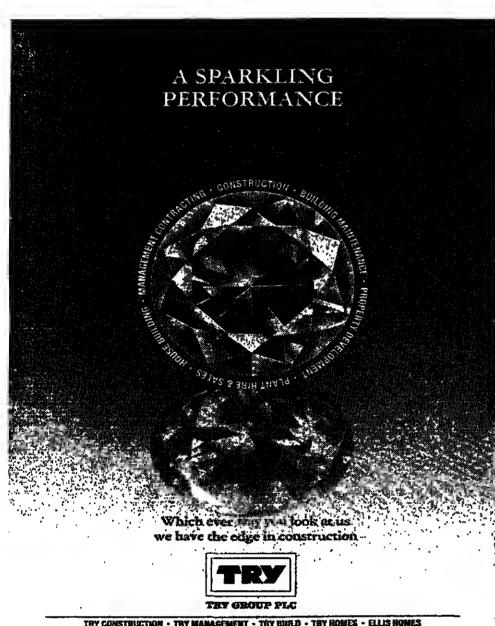
terms. But In the sales that Regalian has made this has largely been avoided. Pearson's payments are spread over three years and the Property

Services Agency's run through the construction period. Regalian has not then been operating at great risk, hut

there is evidence that the mar-ket is beginning to change as more and more offices are built in and around London. So there is a more speculative element in the Heron Quays and Bishopshridge ventures. This is why it is following the well-proven route of joint ventures.

87 88

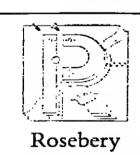
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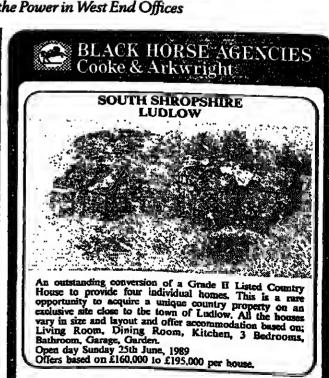
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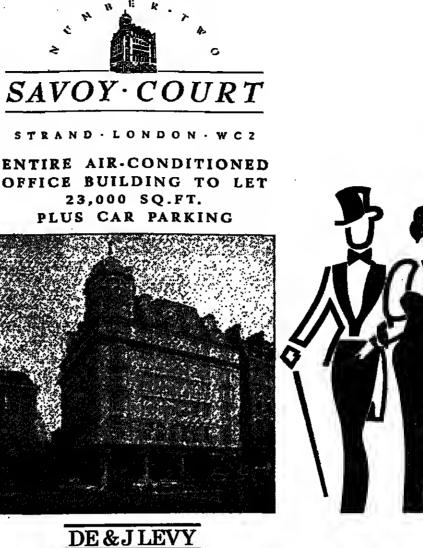
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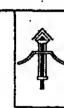
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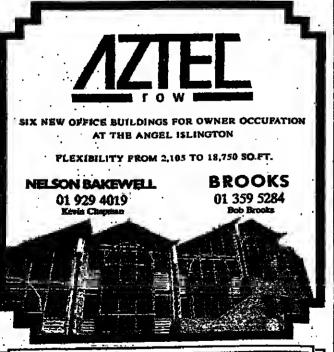
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ARTS

OPERA AND BALLET

London

Royal Opera, Covent Garden Der Rosenkaralier returns with Felicity Lott, Ann Murray, Lil-lian Watson and Kurt Moll in lending roles, and Jeffrey Tate

as conductor.
Further performances of the Royal Opera's 1988-89 season prestige event: the new produc tion of Il meresore by Piero Fagrioni, conducted by Bernard Haitink, with Placido Domingo in the title role, and Rosalind Plowright, Eva Randova, Sergey Leiferkus and Willard White seum. The final performance

of the season is *The Mastersingers*, with Gwynne Howell, Alan Opie, Alberto Remedios and Jane English National Ballet (for-

merly the Festival Ballet) pres ents Napeli en June 15; Coppelio on June 16, 17; and a triple bil centred on the revival of MacMillan's heart tearing one act Areas tasia for the great Lynn Seymour on June 19 and 21, (different cast-Tottenham Court Road. Royal Ballet, Covent Garden. Performance of The Sleeping Beauty on June 20. English Sadler's Wells, Pilobolus Troupe ends a season on June 17. Glyndebourne, A Midsum Night's Dream with Michael Chance appears as Oberon Tuest, Jenufa conducted by

Andrew Davis, with Anja Silja, Roberta Alexander performing in front of Lehnhoff's sets (Sat). Orfco ed Euridice (Sun). Scottish Opera in Newcastle. Street Score (Frt). La Traviata with Nancy Gustafon, in Nuria Espert's production. Weisse Rose, premiere of Udo Zimmermann's 1986 chamber orchestra, which includes Henze's ensemble pieces. The Place (Fri. Sat) (836 0008) Welsh National Opera in La Sonnambula with Valeria Eposito conducted by Julian Smith (Tues,

Ariadne auf Naxos conducted by Charles Mackerras (Wed). La Boheme with Christine Bunning and Noel Vetasco (Thurs), followed by a national tour (0703

Paris

Théatre des Champs Elysées. Stuttgart ballet, *The Taming* of the Shrew with Marcia Haydee and Richard Cragun in John Cranko's choreography (47203637) Theatre de la Ville. Pina Bausch

and the Wuppertal Tanztheater Palais des Congres. The Queen of Spades. Warsaw Opera's orchestra and choir conducted Regine Crespin, Raisa Kotowa of the Bolshoi and Krystyna Szostek-Radkowa alternate in the role of the Countess Porte Maillot (bookings 47581494, info 47581333). Ends Sat. Grand Palais des Champs Ely-

gees. Paris Opera Ballet. Don Quixotte in Rudolf Nureyev's choreography after Marius Petipa, to Ludwig Minkus' music

Theatre Royal de la Monnaie. La Finta Ciardiniera by Mozart produced by Karl-Ernst and Joanna Kozlowska and Marek The Monnaie orchestra is con-

ducted by Sylvain Cambreling (Sun, Tues, Thurs).

Teatro Alla Scala. Riccardo Mnti conducting Roberto de Simone's production of Gluck'e Orfeo ed bieta Ardam, Bernadette Manca di Nissa/Lucia Mazzaria and Eli-Esposito (80.91,26). Teatro Lirico, Isabel Seebra and Gheorghe Lancu dancing *Don* Chisciotte: choreography by Rudolf Nureyev and music Ludwig Minkus (86.04.18). sie by

Michale Hampe's production of Richard Strauss's Der Rosen kavalier, conducted by Zubin Mehta, with Anna Tomowa-Sintow. Kurt Rydl, Alan Titus, Cheryl Parrish and Delores Zie-gler (2779236).

Teatro la Fenice. Pier Luigi Pizzi's production of Handel's *Rinaldo*, conducted by John Fisher, with Cecilla Gasdia, Marilyn Horne and Natalede Carolis

Opera. The successful Gian Carlo del Monaco production of the Entführung aus dem Serail returns with Sylvia Greenberg, Isolde Siebert, Hans Peter Bloch-witz, Wilfried Gahmlicb and Jaako Ryhaeoen. Ariadne auf Naxos stars Wil-

liam Murray, Gabriele Benac-kova, Syndia Sieden, Peter Lin-droos and Susanne Mentzer.

Frankfurt Opera. Last performance of the acclaimed La Clemenza diTito

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Cosi fan tutte in Graham Vick's production is sung by Margaret

Marshall, Diana Montague, Michai Shamir, Christopher er Robrtson and Bruce E. Ford. Imre

Opera: Theater des Westens Guest performance from theNaional Ballet de Marseille in Roland Petit's show Japa for Ever with Zizi Jeanmaire and Eric Vu-An.

There are also two ballet pre ieres this week. One is danced to music by George Gershwin, Who Cares? choreograped by George Balanchine, the second from Kurt Weill, Die sieben Todesûnden', with choreography by Mario Pistoni. Cost fan tutte is produced by Götz Friedrich.

Hambura

Opera. Hamburg honours the famous choreographer Jose Limon with four of his ballets. The Unsung The Exiles The Moor's Pavane There is a Time. La Bohème has a first rate cast led by Katja Ricciarelli, Gabriele Rossmanith, Michael Sylvester and Alessandro Corbelli.

Peer Cynt, specially compose for Hamburg by Alfred Schnitt. has wonderful John Neumeler choreography. A guest perfor-mance by the Joffrey Ballet with choreography by Paul Taylor. Willian Forsythe and Gerald

Cologne

Opera. La Clemenza di Tito bas Josef Protschka, outstanding in the title role. Lohengrin is well sung by Wil-liam Johns, Mechtild Gessendorf. Eva Randova, Harald Stamm and Ekkehard Wlaschiha.

Stuttgart

Opera. Der fliegende Hollander will have its premiere this week, produced by Adolf Dresen with a star cast led by Bernd Weikl. Matthias Hoelle, Grace Hoffman, Nancy Johnson and Toni Kraemer, La Cenerentola is revived with Kathleen Kuhlmann brillont in the Miller. mann, brilliant in the title role.

Also offered Fidelio and the rarely played Der Korottenkönig

New York

Metropolitan Opera. Free outdoor performances begin with Thomas Fulton conducting R in Central Park with Susan Dung as Leonora, Stefania Toczyska as Azucena and Sherrill Milnes as Count di Luna. American Ballet Theatre. The week features Mikhail Baryshni-kov'a staging of Swan Lake. Season ends July 1, Lincoln

Center Opera House (362 6000). New York City Ballet, The week's mixed programmes include *Beethoven Romana* Danses Concertantes and Ball Ends June 25. Lincoln Center New York State Theatre (877

London

THEATRE

The Merchant of Venice (Phoenix). Dustin Hoffman's Shy-(Pinenx). Dustin Horman's Shy-lock a sympathetic, semanhora-gesturing alien in Peter Hall's fine Venetian Renaissance pro-duction, Geraldine James a superb Portia (836 2294). Much Ado About Nothing (Strand). Alan Bates and Felicity Kendal, lead strangs at headers. Kendal lead strong ad hoc com-pany in turnsbout fortnightly rep with Chekhov's early, astrin

As You Like It (Old Vic). Yet more non-RSC Shakespeare, with an outstanding Rosalind from an outstanding Rosalind from Fiona Shaw in eclectic, enjoyable Tim Albery revival. Ambitions designs (928 7616, cc 261 1821), The Black Prince (Aldwych). lan McDiarmid gives the performance of a lifetime in Iris Mur-doch's distillation of her own Hamlet novel. Witty black farce, vitriolic and entertaining (836 Ghetto (Olivier). Brilliant

National Theatre version of Joshua Sobol's Israeli play about the last days of the Vilna ghetto and its resident theatre company Moving and shocking. Nicholas Hytner directs, Bob Crowley designs, cood must be surged accounted. designs, good music array by Jaremy Sams. June 8-14, 23-28 by Jaremy Sams. June 5-14, 25-25, July 7-10 (928 2252). Single Spies (Queen's). The high-light of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Maister the Ones of the Pro-Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Cal-low plays Guy Burgess in a re-hash of Bennett's fine TV film An Englishman Abroad (784

M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" ed up in John Dexter's superb production as a metaphot of bomosexual life. The transves tite tragedy proves less electrify-

The Tate Gallery. Cecil Collins and F.E.McWilliam — retrospec-tive abows side by side of two

until July 19; McWilliam spon-sored by Ulster TV. The Whitechapel Gallery, Sean

Scully - a selection from the work of the past six years of a painter, Irish born, British edu-

ican, until June 25, i Munich and Madrid.

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tions in Russia, itself something

fascinating survey of the paint-ing and sculpture that has come out of Central and South Amer-

of a surprise. Until July 9. The Hayward Gallery. Art in Letin America — a rich and

senior British artists: both shows

EXHIBITIONS

is not very good but still worth seeing (379 5399). Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heath ented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected (334 1317, cc 336 2428). The Vortex (Garrick). Maris Ait-kan and Rupert Everett in bril-

ing than in New York; the play

liant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fivation. Mannered, excessive, beautifully costur A must for yuppies (379 6107,

Henceferward (Vaudeville). Mar-tin Jarvis and Joanna van Gys-eghem in bleakly funny and merimental Alan Avckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love 686 5967, oc 741 9999).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Gas nett'a 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sen of sybaritic insouciance. (889

Icecresm (Royal Court). Caryl Churchill's new play is a dense 70-minute meditation on a transatlantic misalliance betw English relatives. (730 1745). Ivanov (Strand). Alan Bates and Felicity Kendal lead e new ad hoc classical company in Cheknoc classical company in their hor's first play, translated by Ronald Harwood, directed by Elijah Moskinsky. Bates interest-ingly renders the critical suicide a Gray character (836 1660).

The World's Theatre. The inter-national festival from June 16 to July 9 will take place in Ham-burg, as part of the town's 800th anniversary of its harbour.

ica since the early 19th century which is roughly the period of the achievement of independen from the Spanish and Portugue colonial empires, Daily until The Royal Academy, The Royal

Treasures of Sweden 1560-1700. An exhibition that sounds some that dry and daunting but is in fact a wonderful spread of riches, beautifully presented, trophies drawn from across the shole of Europe to the time of Sweden's abrupt emergence as a European power. Daily until June 18: sponsored by Gamles-

The Royal Academy. The 221st Summer Exhibition of the Royal Academy - the usual gigantic and enjoyable free-for-all of painting, sculpture, print and architecture with nearly 1,200

Carte Musées et Monuments sold in museums and Metro stations mables visitors to avoid queues at 60 museums and monuments including the Louvre, Musée d'Orsay and Versailles Palace. Grand Palais. The French Revolution in Europe. A vast exhibi-tion organised by the Council tion organised by the Council of Europe tries to situate the French Revolution in the socia

French Revolution in the social and political context of Europe as a whole. Closed Tue. Late opening night Wed. Ends June 26 (42895410).

The Louvie. The glass pyramid, built by I.M. Pel, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous mussums. Erected as famous museums. Erected as famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in revolutionary 1783. Open Samelon, Mon and Wed until 9.45pm, closed Tue.

The Louvre. Les donateurs du Louvre. Aptly, the newly refurbished museum inaugurates the

Louvre. Aptity, the newly returbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout its existence. 10pm, all days except Tuesdays. Emis August 21. Entry through the Pyramid, Hall Napoleon, Niveau Accuell. Accueil. The Louvre. Michelangelo as

draughtsman. Some 80 drawings chosen from great international collections come to Paris after being exhibited in the National Gallery of Art in Washington. Closed Tue, ends July 31. Galerie Schmit. French masters of the 19th and 20th century. The traditional yearly exhibition in the three-storey town house shows the richness and diversity of the period covered. 396, rue Saint-Honoré (#2503636), closed junchtimes and Sundays, ends draughtsman, Some 80 drawings unchtimes and Sundays, ends

July 19. Daniel Malingue Gallery. A resohutely modern exhibition with-works by Max Ernst, Miro, a suite of Fernand Leger's abstrac-twatercolours and gouaches, Nicholas de Stael's red and blue shining landscape and an orange-coloured sunset. There is an early Picasso still life of as an early reason state in a spoles and pears reminiscent of Cezanne. 26, Ave Matignon (42668033) closed lunchtimes, Sun and Mon mornings. Ends

Centre Georges Pompidou and La Grande Haile de la Villette. A manusoth exhibition — Les Magicieus de la Terre — is ambi-tiously subtitled the First World Exhibition of Contemporary Art. Centre Georges Pompidou (42771283) and Grande Halle de la Villette, 211 Ave Jean-Jaures, Metro Porte de Pantin (42497722). Both exhibitions closed Tue and end August 14. Galerie Odermatt-Cazeau. Mas-

ters of the 19th and 20th century. A large Bonnard – La Piace de Clichy – catches the bustle of Parisian street. But while the brush stroke is impressionistic, the gentle melancholy tonality of blue-greys is personal to Bon-nard. Changing the mood abruptly is the exhibition's succes à scandal - Chagail filling up space with themes of Jewish mystique around a signature of Hitler and spine-chilling sym-bols of Nazi domination. 85 bis-Rue du Fbg.-Saint-Hoooré (42669258). Closed Sun. Ends July

Galerie d'Art Saint Honoré. 16th

brevity of each piece, with a con-temporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical. and 17th century Piemish paintings. Amid the exuberance of flowers and fruit typical of Flem ish still lives, a painting totally different in spirit is the central piece of the exhibition. Painted in 1530 by Bartholomew Bruyn the elder, the work exemplifies the artist's gift for portraying the sitter's inner self. 267, Rue Saint-Honoré (42601503). Closed

Organised by the Thalia Theatre

with the help of the International Theatre Institut, some 34 pieces from 17 countries will be per-

formed, among them East Ger-many, the Soviet Union, Swede

South Africa, France, the USA, Britain, Germany and Italy. The

dea for the festival came from

Nagel, who formed the Theatre of Nations in 1979. Richard von

Weizsäcker, West German Presi

former theatre director Ivan

Heidi Chronicles (Plymouth).

Wendy Wasserstein's award-win-

ning drama covering 20 years in the life of a successful Ameri-

can bahy boomer goes from sup-port for Eugene McCarthy's pres

idential aspirations to electoral ambitions in the 1980s, accompa-

nied by the musical and emo-tional flavour of the period (239

Lead Me a Tenor (Royale). A sprucing up in the set of a decay-ing town's big time opera ambi-tions makes a transatiantic hit

of this farce, first produced in London, but now with a local cast led by Philip Bosco and Vic-

cast isn by rhilip sosco and vio for Carber (239 6200), Shirley Valentine (Booth). Pan-line Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's swakening in the Access Ses.

awakening in the Aegean Sea. Simon Callow again directs with-

out smoothing any of the North-ern English edges thet retain an authentic touch.

an authentic touch.

Jerome Robhins' Broadway
(Imperial). Anyone attracted by
the notion of a three hours of
film trailer previews will adore
this compendium of Robbins'
directed and choreographed
plays of the next of years included.

plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the

dent, is chairman.

New York

Bonnefauter Museum. The finest of the early Italain paintings to Dutch collections have been gathered together in a show con-taining works by Duccio, Guido da Siena, Filippino Lippi, Bell and Carlo Crivelli, Enda July

at, Sum and lunchtimes, Ends

Circle of Twenty (1884-1893). The Avant Garde movement in Bel-gium. 36 Rue aux Izines, The Petit Sabion. Closed Mon. Musée d'Art Moderne. Retrospec tive of the Beigian abstract artist Victor Servranckx (1887-1965). Closed Mon. Bibliotheque Royale Albert 1. An exhibit to celebrate the library's 150th anniversary. Ope daily ends July 15.

Frankfurt

'Je Suis le Cahier', the sketch-books of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt

Badon-Baden

Kunsthalle, Lichtenthaler Allee 8a. A retrospective of Jean Coc-tean (1889-1963) to commemorate tean (1889-1983) to commemorate the 100th anniversary of Jean Cocteau's birth, the Kunsthalle in Baden-Baden presents the most extensive show of his work ever with around 500 exhibits. Ends July 30.

Bilderstreit. Rheinhallen der Kölner Messe, Messegriände. Deutz. The two organisers Johnes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source for the debate about con-temporary art". This exhibition is in contrast to avant garde: it explains areas of action and attempts to provide an unprejn-diced outlook on the current art scene. Approximately 1,000 works by 130 artists concentrate on art since 1960. The show should give a detailed view of different art styles, with "old classics" of modern art next to works by contemporary artists. Among them are Gilbert and George, Kasimir Malewitsch. George, Masimir Malewitsch, Blinky Palermos, Carl Andres, Edvard Munch, Markus Luepertz photographers Bernd and Hilla Becher, Joseph Beuys and Dada-ist painter Marcel Duchamp, John Baldessaris and Georg Bas-elitz. There are also works from William Cardov's pulledien by William Copley's collection by Duchamp, Man Ray, Max Ernst. Ends July 2.

The Kremiin Gold. The exhibi-tion, jointly organised by the Bremen Uebersee Museum and the Moscow Kremiin Museum, will coincide with Mr Gorba-chev's first visit to Germany this week. This presentation of around 80 pieces of Russian gold-smith's art covers the early Byzantine period through to the beginning of the 20th century. It shows the different styles of the goldsmith's art such as fill-gree and enamel work in the 15th century, colourful decora-tions with precious stones in the 17th century, followed by the European influence of the 18th century. Bremen Uebersee Museum, Bahnhotsplatz 13. Ends August 13.

Stuttgart

Staatsgalerie, Konrad-Adenauer-Str. 20-32. Salvador Dali: (1904-1999). Stuttgart presents the biggest Salvador Dali retro-

Simon's latest comedy is a selfconscious farce, with numerous slamming doors and lots of mug-ging hut hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit. Cats (Winter Garden). Still a sell-out, Trevor Nunn's prodution of T.S. Eliot's children's poetry set to music is visually

Rumours (Broadhurst). Neil

tartling and choreographically feline (239 6262). A Chorus Line (Shubert). The longest-running musical in the US has not only supported seph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as auditions rather than emotions (239 6200). Les Misérables (Broadway). The

magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway essons in pageantry and drama (239 6200). Me and My Girl (Marquis). Even if the plot turns on ironic mim-icry of Pygmalion, this is no clas-sic, with forgettable songs and dated leadenness in a stage full

of characters, it has nevertheless proved to be a durable Broadway hit (947 0033). M. Butterfly (Eugene O'Neill).
The surprise Tony winner for 1988 is a somewhat pretentious true story of the French diploma whose long-time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson'e glided sets, Phantom rocks with Andrea I lond Webber's haunt. Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6260).

Washington

Into the Woods (Kennedy Center Opera House), Stephen Sondheim and James Lapine update favourite fairy tales with a contemporary plot and chara ging songs. Ends July

this year, to honour bim on his

85th birthday. 350 works from all periods of his working life and from several collections,

museums, galieries, from all parts of the world, except the Teatro-Museo in Figueras, his home, are to be seen. The exhibition, organised by Mrs Karin won Maur, who tries to explain how Dall's works can combine with the proct. modern period.

with the post-modern period, concentrates on his works from the 1930s (surrealism). Among

hem are pictures which have

not been shown in public before. Ends July 23.

Messepalast. A thoughtful exhibition, called the History of the Modern Mind, deals with the works of Sigmund Frend as well

works of significant retain as we as the plethora of artists who grew up in Vienna at the turn of the century. Ends August 6. The Benedictine Monastery in Melk, an hour's drive from

Vienna, celebrates its 900th anni-versary. Besides a fascinating

and later, newspaper cuttings, the Abbey boasts the finest baroque architecture in this part of Europe, Until November 15. The Kunstforum, a new art gal-

lery sponsored by the state-run Leanderbank, makes its debut

with the Leopoid collection, a Vienness who bought several paintings by Egon Schiele, one of the leading lights of Vienna's fin-de-siècle, for pext to nothing in the 1950s. There are some won derful Klimt sketches and Kokoschkas. Well worth catch-ing Epole Ivene

Associates, weir worth caucing. Ends June.

Albertina. Try not to become annoyed with the depressing layout, the appailing lighting and the uninterested staff when seeing a wonderful collection of watercolours and deswips:

of watercolours and drawings by Austrian artists. Included are works by George Eisler and Alfred Hrdlicka. Ends July 16.

Galleria Nazionale d'Arte Mod-erna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warbol,

Lichtenstein, Jim Dine, followed by examples of American mini-mal art (Flavin, Judd. Morris),

mal art (Flavin, Judd, Morris), to conceptual art and Arte povera, with works by Gilbert and George, Paolini, Mezz, Pistoletto and Kounellis, ending with some curious examples of German neo-expressionism, until Oct 2. Museo Napoleonico. Eighteenth-century Roman Theatre and Carnivals. Life was anything but comfortable for Impressrios under the oppressive papacy of Pius VI, with ruin continually staring them in the face through

staring them in the face through forced closure by unpredictable papal censors. This absorbing

papar censors. This absorbing exhibition covers the years 1775, when Pius Vith's long reign began, to 1799, and attempts to show how the conflicting infin-

ences of the papacy and the revo-lution in France affected the Roman theatre. The exhibition opens with a coloured lithograph

of the Pope's triumphal proces-sion, immediately after his elec-tion, alongside the edict which condemned to death the sup-

masque written for the occasion (the true author of which was said to be Prince Chigi). The

Roman cultural scene was lively but frivolous, ballet and spectac-ular theatre in general being much preferred to classical plays or opera. Included in the exhibi-

or opera, included in the examp-tion are numerous etchings of stage sets and elaborate papier-maché architecture, built for carinaval masques and later burnt, portraits of contemporary

composers such as Cimarosa and Paisello, and an enchanting Perseus and Andromeda by the French sculptor, Chinard. Ends

Museo Correr. French impres-sionists from the Mellon collec-

tion at the National Gallery of

delights such as Courbet's sea-scapes Seurat's La grande Jatte, and Renoir's Madame Monet and

1900-1945. A much-amplified exhi-bition covering a briefer period than dld the recent show at the

Art in Washington: more than 40 works, among which are

Son. Ends Sept 4. Palazzo Grassi. Italian Art:

Venice

posed author of a tasteless

with the Leopoid co

tion of paintings, books

Chicago

FINANCIAL TIMES FRIDAY JUNE 16 1989

A Funny Thing Happened on the Way to the Forum (Good-man). Stephen Sondheim's most popular musical, for which he wrote both music and lyrics, stars Louis DiCrescennzo as Pseudolus in Burt Shevelove and Larry Gelbart's adaptation of Plautus. Ends Aug 6. Driving Miss Daisy (Briar Street). The touching relation-Street). The touching reasons ship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (343 400). (348 4000).

100

(343 4000).
Steel Magnolias (Royal George).
Ann Francis and Marcia Rodd
play the leads in this view of
southern life from under the dryers in a busy hairdressing estabnent (988 9000) Les Miserables (Auditorium).
The international spectacle has tled in for a long stay by the Great Lakes (922 2110).

Kabuki (National Thestre). Kan-adehon Chushingura. The most popular play in the kabuki reper-toire, based on the true story toire, based on the true story of the 47 loyal samurai, is per-formed in two self-contained parts at 11am and 2.30pm. Ends June 24 (265 7411). Les Miserables. (Imperial Thea-tre) Strongly-cast revival (in Jape) of the stirring mu of the storming of the Paris har-ricades. Opens Tuesday (201

The Phantom of the Opera. Nissei Theatre (045 903 5701). This excellent production (in nese) is a carbon copy of the London original.
Blues in the Night. Theatre
Apple, Shinjuku. (587 5444). Musical revue from off Broadway.
featuring black music of the
1930s and 1930s. In English. Jesus Christ Superstar. Japones-que. Aoyama Theatre (6120 44). Revival of successful

Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten, An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends with two blown-up stills from films by Visconti and Rossellini

New York

Whitney Museum. The 65th in the long series of Annuals and Bienniales features a large group f lesser-known artists among the 80 represented un three floors of gaileries. Ends July 9. Metropolitan Museum of Art. Goya and the Spirit of Enlighten-ment explores 160 of the artist's works in relation to his impact on contemporaries and the ratio-nalist modernisation of Spain. Ends July 16.
Guggenheim Museum. More than
100 paintings and drawings by
contemporary Austrian artist
Arnulf Rainer reveal the unique
imagery of a mystic vision translated into an abstract idiom.
Ends July 9.

Washington images are part of a massive ret-respective of the 150 years of photography, here represented by Affred Stieglitz, Walker Evans, Lazzlo Moholy-Nagy among dozens of others. Ends

Art Institute. Master drawings from the Teyler Museum, the oldest in Holland, include nearly 100 works of two centuries by Michelangelo, Raphael and Rem-

brandt.
Art Institute. Two years after his death, Andy Warhol continues to make news with his new diary; even his work retains surprising freshness amid the variety that extends far beyond familiar images like his Marilyn Monroe and Campbell Soup tins. Ends Aug 13.

Suntory Museum. Wall paintings and screens from castles and temples of the Momoyama Period (16th century). The works are of two main types: sumie landscape paintings and colourful paintings on a goldleaf background, both displaying a hold mixture of Chinese and Japanese styles. Closed Mondays. National Museum of Modern Art, Takebashi. Tatsuo Takayama retrospective. Although his early works show the influence of Gauguin. Takayama (born 1912), is noted as one of the few Japanese painters who have managed to achieve harmony between Japan's artistic traditions and the present. Closed Mondays.

Azabu Museum of Applied Arts. The Inaugural exhibition at this brand-new museum in the feshionable Roppongi district features the fashions of the Edo period, as reflected in ukiyoe paintings: mainly of courbesans and other denizens of the Tlosting world", Closed Mondays. Tokyo

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K. Mikael Heiniö for details. FINANCIAL TIMES

Renfe

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Frankie & Johnny in the Clair de Lune

COMEDY THEATRE

Frankie & Johnny in the Clair de Lune by Terrence McNally starts with sounds of orgasm in a black-out, followed by in a black-out, followed by laughter and a dissertation on breaking wind. "Can I get you something?" asks the beefy nude figure, Brian Cox. of his less beefy nude partner, Julie Walters. "My mother?" she walls. The play ran 18 months off-Broadway and has already become an internationally probecome an internationally pro-duced two-hander.

In Cox and Walters it runs

into two of our finest expo-nents of comic realism. There is not a single moment of Paul Benedict's production that is not entirely and physically convincing. The play is neatly organised, touching, sentimen-tal and small; but with these two blazing performances it transcends all limitations.

The situation is one of first night in the sack for a waitress, Frankle, and the short order cook, Johnny. Through the small hours they ball and banter while a classical radio station burbles in the background. They are to Frankle's station burbles in the back-ground. They are in Frankie's results in a food order. Frankie

grimy New York apartment in a walk-up tenement. Across the way, couples in moonlit silhonette either beat each other up or remain sullenly incom-municado.

Johnny lays siege as a last Johnny lays siege as a last ditch throw for happiness. A part-time Shakespearian, he litters his speech with hoary Bardisms while claiming Fate as the catalyst. The fencing gives way to facts in Act 2. Johnny has been two years in the clink for forgery and his ex-wife has married an insurance salesman married an insurance salesman in Maine.

Cox's blubbery, importunate loser has taken a stand about his life. For him, the encounter is momentous, The play is about why it becomes, for her, less of a nuisance. He wants the affair to cure his lowellness. At the first sign of tactical wrong moves — mention of kids. marriage — Walters kids, marriage – Walters blows him apart. The subse-quent adjustments and confessions make for a riveting spec-

demands the cook's speciality, a Western Sandwich. Cox, still stripped to the waist, kitchen towel plastered round his head, embarks like a Samurai war-rior on his complicated mission of changing responses of chopping peppers and onions, breaking eggs. The sandwich is never completed, a great minus in the proceedings, I feel.

Johnny breaks into the radio

programme and requests beau-tiful music. The colloquy of Frankie and Johnny, no longer merely figments of a jazz singer's imagination, is endorsed by an ethereal

endorsed by an ethereal authority.

The other overriding poignancy of the evening resides in the sight of two underdogs engaged in a watershed struggla with evaporating youth. And I shall long treasure the sight of Walters, her face stained with tears, re-living for the last time, as she reveals the scars, a finally exorcised chapter of cruel brutality.

Michael Coveney

A ritual world of birds and dragons

Susan Moore views Chinese bronzes at Eskanazi and lacquer at Bluett & Sons

arely has there been a better time to look at Chinese art in London. Eskenazi is presenting outstanding bronzes, weapons, mirrors and ceramics, plus Korean ceramics, from the collections of Franco Vannotti and Hans Popper, Street & Sons has assembled what the firm believes to be the finest group of lacquer ever offered for sale in the West; and the British Museum is airing its collection of archaic ritual bronz one of the finest outside the People's

Republic;
Last year, Dr Vannotti sold his renowned collection of Ming and Qing painting to Berlin; the bronzes, also well-known, and amassed earlier, between 1946 and 1953, were secured by Eskenazi. The group is small — as are the majority of the pieces — well documented, and choice.

The elegant Shang "jue" or wine vessel represents the earliest type of ritual bronze vessel (this one is 12th century BC). Scrolling animal forms seem to

BC). Scrolling animal forms seem to dissolve and rearrange thamselves dissolve and rearrange thamselves across the body and spout. The much later "hu" wine vessel (Rastern Zhou period, 5th century BC) is the most famous example of its type. Bands of cinnabar-coloured birds and confronting dragons, inlaid in copper or paste, loop around its bulboos body. The bronze is patinated green, and mottling encrustations of malachite and azurite add to its appeal.

Surface texture and colour, whether intended by the craftsman or the result of 3,000 years' burial, is a prized feature of archaic bronzes. The smooth, pale green "water-patina" so beloved by col-lectors is seen at its most subtle oo Popper's Shang Period "fang yi." Its complex cast decoration of dragons and animal masks against a geometric ground is of remarkable precision given the shallowness of the relief.

the shallowness of the relief.

An ornste "zhi", decorated with birds and animal masks with beady, protruding eyes, is encrusted with vivid turquoise malachite and cuprite. The blade of a Shang axe is as smooth and warm as polished stone. A green spearhead is etched (who knows how, perhaps with acidic plum juice?) and stained with a



A 5th century BC "hu," or wine vessel, at Eskenazi

silver lozenge pattern. It is tempting to see the dagger axe with a tiger skin heights of sophistication, exuberance pattern alluding to the courage of its owner.

If the earlier ritual vessels are a triumph of bronze age casting, the later decoration of mirrors reaches new heights of sophistication, exuberance and luxury. Mirrors began to be placed — and indeed often to replace — ritual vessels in important tombs after 400 umph of bronze age casting, the later

The philosopher Zhuangzi informs us: "The ancients believed that one's shortcomings could be seen in one's appearance, hence they inspected their faces One shiny black and circular bronze

of their development over 12 centuries.

mirror is decorated in raised line tech-nique with a sequence of four bears reaching out to grasp the curled tail of the beast in front — a masterly repeat-ing pattern. By the Tang period, raised repousse relief had grown into sculp-ture, and precious metals often employed. The most luxuriant gold mirror back here rejoices in parrots heavily bedecked in pearls, bows and orna-ments bearing branches and bunches of grapes in their beaks — a glorious evo-cation of the notorious decadence of the Tang court. Only one other comparable

mirror is known.

Other highlights of the show include
a Tang silver gilt bowl from a Japanese
collection. Almost Islamic in feel, it is decorated with large repoussé lotus pet-als against a chased ground of birds, plants and animals. A Song stoneware bowh is carefully carved to articulate its chrysanthemum pattern through vari-ous depths of olive green glaze. The Korean celadon ware, hardly ever seen on the market in the West, enjoys a quite different luminous bloom.

Recent archaeological excavations in China have enabled more specific dating of both bronzes and lacquer. Bluett's impressive show brings together some 32 pieces of lacquer from the 13th to the 16th centuries, with the emphasis firmly oo early carved, gilt-etched and mother-of-pearl examples. Regina Krahl's excellent catalogue brings to light recent research, and argues earlier dates for a number of pieces. Her illustrated table of every datable fragment of lacquer recorded is an invaluable addendum.

The Eskenazi show continues at Fox glove House, 166 Piccadilly, W1, until July 7; Chinese lacquer at Bluett's, 48 Davies Street, W1, until June 24. Chi-nese Bronzes at the British Museum, to be reviewed on this page, continues

Die weisse Rose

Udo Zimmermann's one-act chamber opera has accumo-lated more than 70 productions across Europe and North America since its premiere in East Germany in 1986. One of the final events in this year's London Intarnational Opera Festival was the first British performance of Die weisse Rose, staged at The Place by Meck-

lenburgh Opera.
The appeal of the opera to audiences and to small-scale opera companies is easy and an ensemble of 14 instrumentalists are required, and the subject matter is unfailingly emotive. Die weisse

Gubaydulina

Rose was an anti-Nazi student organisation formed in Manich in 1942, which circulated leaflets against the regima; the following year three of the leaders were arrested, summarily tried and guillo-tined.

summarily tried and guillo-tined.

The opera relates the final hours in the death cells of two of them — the brothar and sistar Hans and Sophie Scholl. Wolfgang Willaschek's text draws upon the Scholls' own writings and quotations from Dietrich Boulocoffer and others to build up a sequence of short scenes in which their final thoughts, recollections of their childhood, prayers and

aspirations are wovan

The power of this material, its continuing relevance, is both the strength and signal weakness of Die Weisse Rose. One cannot fail to be moved deeply by the events portrayed, and it would require crassly insensitive musical treatment to destroy that emotional powar. But prior knowledge of that background is crucial; the opera offers no epiphany, only a commenmost of the resonance would

be lost. Zimmermann's music is largely subsidiary - effective, prodoction for Mecklenburgh

carefully laid out, each scene crisply characterised and vocally grateful, but only sporadically striking. An aching waitz suffuses the momant when the siblings recall the sight of children being carried away from their parents, Sophie's memory of her capture is set to a of her capture is set to a remoraaless moto perpe-tuo, their vision of death is accompanied by a grinding Weill-like chorale. In a score of

an hour's duration it is not An opera that is all recollection and aspiration is hard to stage; John Abulafia's

is varied and only rarely intrusive, as if recognising that the power is in the words and sometimes the music, and that those should be allowed unhindered presentation.

Paul Charles Clarke and Maureen Braithwaite sing the parts of Hans and Sophie, with a clarity and directness that allow Staphen Wadsworth's English translation to be easily perceived. The performance is preceded by Henze's instrumaotal fugue In Memoriam: Die meisse Rose condocted, like the opera itself, with pungency by Anne Manson.

Andrew Clements

Robert Cohen

Apologies were necessary after the interval in this recital, not because of any shortcomings on the part of the performers – Robert Cohen, the cellist, and Peter Donohoe had given a full account of their abilities — but to explain why the pianist had failed to appear for a Wal-

ton piece written "for cello and promised us an arrangement of part of the Henry V film score, what we had actually heard was a minor commission for cello alone dating from the composer's final years. (Too late apparently to qualify for Grove's, which may explain the confusion in the programme notes.) Still, with the piano temporarily absent, a spotlight had usefully been thrown on the fullness of tone

and character that Cohen presents as a solo performer. In the generous acoustics of the Wigmore Hall the range of dynamics at which a cellist can be effective is very wide and, by selecting a concert planist of Donohoe's stature as his accompanist, it seemed Cohen was amouncing from the outset the scale on which this recital would be played: performances were one size larger and more strongly contrasted than the usual.

In Britten's Cello Sonata, in particular, this was all to the good. Britten wrote into this work instrumental parts designed to stretch each member of the duo (originally him-self and Rostropovich) and the partnership of Coben and Donohoe operated on the right level of give-and-take, answer-ing each other sharply in the brisk repartee of the Scherzo and not letting either overplay the emotion of the central

Elegy.

The eloquent legato line that
Coheo drew there was also heard to fine effect in the Cello

Sonata by Rakhmaninov. Per-haps Donohoe did at last rise too strongly to the bait in the final stages here, but the cellist generally managed to hold his own. The depth of tone that he found for the second subject of the Finale, so rich in colour, so evenly sustained, was the sin-gle most memorable musical ccomplishment of the even-

"Farewell to Hot Metal"

Gallery, Lloyd's of London,

This is the appropriate title of an exhibition devoted to photo-graphs by Richard Cowper of tha last days of hot metal printing at the Financial Times before the change to computer-ised typesetting in 1967. Sponsored by the FT, tha exhibition is at tha Visitor's

Richard Fairman

Sofia Gubaydulina, a Russian composer of middle age (b.1931) whose reputation in the West grows increasingly great, was present at Wadnesday's eothralling Almeida Festival recital of her three string quartets and single string trio. This concert, given by the Arditti Quartet, so me of the highlights. count as one of the highlights of the 1989 achedula; for though various aspects of Gubaydulina's singular, inde-pendent, and absolutely distinctive compositional person-ality have been already been demonstrated in previous festivals, this was surely her most concentrated, most revealing

display so far. In her hands the sound-qualities of the string-quartet medium itself become her "material for discussion." Fine

distinctions or contrasts of instrumental texture or attack between the players can supply the basic premises. In the first quartet (1971), a more obviously experimental, "private" work than its successors, the exploration of aggressively non-lyrical sounds by each of the players leads inexorably toward complete collapse of the quartet discourse; the players gradually move away from each other, physically as well as musically, so that by the

close they are flung out at the furthest corners of the performing space — a very stri-king (if perhaps not very durable) image of the chamber-music ideal turned on

its head. In the remaining two quar-tets, written in close succession 15 years later, Gubaydulina plays with a much finer and purer musical focus on the possibilitles of the medium. The second quartet expands in slow steps out of a handful of notes and the diverse shades and nuances that can be wrung from them when bowed, plucked, or played in harmonics; in the third quartet, the

corporate move from pizzicato to full bowing provides a dra-matic scenario which the composer plans and phases with the most minute and rigorous attention to detail.

Gnbaydulina's arguments are not worked out in terms of Classical development, yet their inherent logic takes the listener with them every step of the way — her ability to write for each of the four string instruments with formidabla and brilliant command of their timbral and colour ranges, combinations, and con-trasts is of the essence here. In the most recent of these works. the string trio (1988), the hints

of an emotional subtext to the musical construction are at their strongest: the final har-monizing of three string voices previously fierce in insisting on their separate identities

extraordinary power.
The Arditti played all four works without a break and with all their wonted flair and commitment; it was sauna-hot in tha theatre, but oeithar thair grip on the music nor that of an obviously spellbound audience seemed to flag for an instant.

Max Loppert

It's attention to detail

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novotel



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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

ARTS GUIDE

MUSIC

Cleveland Orchestra conducted by Christoph von Dohnanyi, per-forming Bach, Schoenberg and Schubert. Royal Festival Hall (588 1116) (Fri, Sat) London Coucert Orchestra conducted by James Blair, Yltkin Seow, plano, playing Offenbach, Mascagni, Tchaikovsky and Strauss. Barbican (588 1116) (Sat). English Chamber Orchestra.
The Jacqueline du Pré Appeal
Concert conducted by Daniel
Barenboim and Sir George Solti,
performing Mozart. Royal Festi-

performing Mozart and Vaughan conducted by Bryden Thomson, performing Mozart and Vaughan Williams. Barbican (588 1116)

(Sun)

Royal Philharmonic Orchestra

conducted by André Previn, performing Beethoven. Royal Festival Hall (921 0800) (Sun, Tues,

Thurs)
London Symphony Orchestra
conducted by Kent Nagano performing the Messiaen Turangal-ila Symphony. Barbican Centre (586 1116) (Thur)

Paris

Alicia de Larrocha, piano, playing Schubert and Granados. (Mon) Théâtre des Champs Ely-sées (4720837). Alfred Brendel, piano, playing Haydn, Brahms, Weber, Mendels-sohn, Beathoven. (Mon) Salle Pleyel (45638873). Rusemble Intercontemporain Risemble Intercontemporain conducted by Arturo Tamayo.
Luis de Pablo (Mon), Falla, Cristobal Halffler, Jose Luis Delas, Enrique Raxach (Tue). Both concerts at Théâtre Renaud-Barranit

June 16-22

certs at Theaire Renaud-Barrann (4256080).

Amsterdam Concertgebow conducted by Nikolaus Harnocourt, performing Schubert, Berto, Beethoven (Tue). Théâtre des Champs Elysées (47203637).

Knsemble Orchestral de Paris. Francoise Pollet (soprano), Jean Hubeao (piano), Nouveau Quatuor Viotii playing Schoemberg, Debussy, Fauré (Tue). Salle Gaveao (45682030)

Olaf Bār, baritone, accompanied by Geoffrey Parsons, piano, Théatre Royal de la Monnaie (Fri).

Teatro Alla Scala, Lorin Maszel conducting Verdi and Respighi (Sun) (80.91.26).

Florence

Teatro Comunale. Zubin Mehta conducting Mendelssohn, Bee-thoven and Schumann (Thur)

Tokyo

Philharmonia Quartet, Berlin, with Karl Leister (clarinet), playing Haydn, Brahms, Bee-thoven, Shinjuku Bunka Centre. moven. Shingliku Bunka Centre. (Moo) (498 5890)
The Wallace Collection. Britten, Handel, Elgar, Showa Women's University Hitomi Memorial Hall, near Sangenjaya (Tues) (403 8011)
Japan Philharmonic Orchestra conducted by Str Charles Groose

conducted by Sir Charles Groves. Brahms, Suntory Hall. (Tues) Malcolm Bilson (fortepiano). Suntory Hall, Recital Hall (Thur)

SALEROOM

Leonardos to be sold

Londoo is awash with the richest dealers and collectors in the world, attracted by the antique fairs at Grosvenor House and Olympia. Some of them are obviously spending their money in the salerooms, and both Christie's and Sotheby's had very successful auctions yesterday.

Sotheby's sold musical instruments in the morning session for £1.375m, with a modest 7.34 per cent unsold. Among the highlights were a record price for a 20th century musical instrument, £57.200 for an Italian violincello made by Enrico Rocca in Genoa in 1908, and the £82,500 paid for a cello which was sold by Julian Lloyd-Wabber: it was made in Pavia in 1791 by Giusappe Guadagnini. The top price in the auction was the £253,000, within forecast, for a violin of Joseph Guarneri, made in Cremona in 1738 and bought by

the dealer Peter Biddulph. Christis's final session of Japanese works of art brought in £1,668,821, with just 1 per cent unsold, making a record three session total for Japanese works of art in London of £3.26m. In the past the Japa-nese were more interested in western and Chinese works of art than their own antiques but that seems to be changing. There were many Japanese

dealers in the rooms, one of whom paid £264,000, as against a top estimate of £90,000, for s complete 50 volume edition of "The annals of the rise and decline of of the Minamoto and Taira clans", one of the longest medieval Japanese war chronicles in a version dated to around 1700. It was sold by the University of Bath, who received it from the Japanese

scholar Frederick Dickins. A Sharaku print of the actor Arashi Ryuzo, which carried a top estimate of £80,000, went for £220,000, and the three volumes of "The Conquest of Korea by Empress Jungu" by Hiroyuki, dated to the late 18th century, made £198,000 (top estimate £15,000).

Two drapery studies by Leonardo da Vinci, probably the last Leonardo drawings likely to appear on the market, are being offered for sale by Sotheby's in Monaco on December 1. The studies are on linen, in grey brown wash heightened with white body colour and are expected to fetch around £3m each. They come from the collection of the Comtesse de Béhague and are being sold by her heirs. From the same collection a Guardi view of Venice of the late 1760s, considered the best to reach the market in years, carries a top estimate of

Antony Thorncroft

FINANCIAL TIMES

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Friday June 16 1989

Strikes and the law

ARE FURTHER legal reforms needed to ensure that industrial disputes are resolved in an orderly way? The disruption on the London Underground and in British Rail must raise doubts about the effectiveness of the legal framework put in place by the Thatcher Govern-

This framework has two central planks. First, it confines lawful trade disputes within narrow limits to issues directly involving an employer and its employees. This has virtually eliminated so called polltical strikes and secondary action. Sccond. pre-strike hallots require unions to win the sup-port of their members before

calling a strike.
Yet the law does little to dissuade workers from staging unofficial strikes. Indeed the obstacles in the way of unions calling official action can create an incentive for wildcat strikes. Moreover, the courts' central role in disputes can generate uncertainty, without making it easier to resolve the underlying problem. Thus despite a month of legal manocurres it is still unclear whether or not there will be a dock strike; the two sides seem no nearer an agreement.

Any new moves to restrain unofficial strikes should he part of a broader review of possible legal changes, which could usefully horrow from arrangements in other coun-

Different regime

Should Britain follow France in adopting a different legal regime for the public services? Banning strikes in essential public services would be expensive and politically diffi-cult. However, in France public service workers planning a strike have to give at least five days warning of their action. Unions are the only bodies able to give such a warning. So the legal requirement of a warning period makes unofficial action much less likely. French law also prohibits

action such as rolling 24-bour strikes which are deliberately designed to cause exceptional disruption. Unions calling action sbort of an indefinite strike do not have legal protec-tion against claims for damages. UK unions, doubtful of their members' support for all

out stoppages, are increasingly employing guerrilla tactics. Reforms aloog the lines of the French system would go some way to eliminating such behav-

in West Germany all unofficial action is unlawful, but it is easier for unions to call official strikes than in the UK. In Canada workers taking unofficial action lose the right to being considered for vacanciss or

Stronger sanctions

One of the UK Government's alms is to deter strikes. But if it particularly wants to dis-courage unofficial action, it must apply stronger sanctions to wildcat strikes than to offi-cial strikes to expense on incomcial strikes, to create an incentive for more orderly collective

bargaining. Even this may not be sufficient to produce more concilia-tory industrial relations. The rail and tube strikes planned for next Wednesday, which will cause turmoil in London and other hig cities, are official and follow a ballot. Once the obstacle of the courts is overcome, there is no further external constraint on industrial action.

The courts may postpone or prevent strikes, but they do nothing to help settle the underlying disputes.

One option would be to give Acas, the conciliation service, a larger role, by allowing either side to a dispute unilaterally to refer it to conciliation. Companies may object that this would give a third party too great a role in the manage-ment of industrial relations. An alternative would be collective agreements which were legally hinding on both parties, as they are in the US. This could all bot eliminate industrial action of any kind while a

pay deal was in place.
The UK legal framework is in a balf-way stage; further modifications are needed to provide the right incentives for employers, unions and employ-ees to conduct their arguments ess to conduct their arguments through agreed negotiating procedures. In essential public services, where special arrangements may well be necessary, employers and unions could be given a choice between legally enforceable collective. collective agreements and a system of mandatory concilia-tion and arbitration.

Papandreou's wasted years

EIGHT YEARS ago Mr Andreas Papandreou and bis Pan Hellenic Socialist Movement (Pasok) swept to power in Creece on a tide of hopes summed up in a single Greek word: allaghi, meaning "change." The event caused some anxicty in western capi-tals, because of Mr Papandreou's strongly left-wing stance while in opposition, especially his hostility to Nato and the European Community (which Greece had only just jouned), and his strident anti-Turkish nationalism. But among Greeks, espe-

cially of the younger genera-tion, it aroused great enthusi-asm. The outgoing conservative government seemed corrupt, uninspired and tinged with the suspicion of right-wing authoritarianism. by showing they could elect a left-wing government. Creeks felt they had really escaped from the dictatorship of 1967-74.

Less radical

Like other socialist leaders. Mr Papandreou proved considcrably less radical in power than in opposition. In foreign policy he continued to irritate his western allies but was careful not to break off the alliance. Any notion of leaving the EC soon vanished from the agenda. In fact Greece, and especially Greek farmers, have done well out of EC member-ship (for which Mr Papandreou has rather unfairly taken the credit). In domestic policy there was little that could really be called socialist, and before long there were austerity programmes which led him into sbarp conflict with the trade unions and the Commu-

In short what might reasonably have been expected of Pasok was that it would perform a role similar to that of socialist" parties in other south European countries. where they have not abolished capitalism (as most of them at one time or other promised to do) but have played an important part in modernising and cleaning up the political and

social system.

The Greek tragedy is that Pasok has not dooe this. It bas done something to remedy the previous neglect of Greece's rural areas, and it has healed

the 50-year-old wounds of the civil war by allowing the com-munist exiles to return. But in other respects its administration has been a disaster. Instead of modernising and clarifying politics, Mr Papandreou and his clique have resorted to all the old tricks: corruption, clientelism, hlatant macipulation of the media. Principles and issues have counted for little or nothing. Dehate within the party has been rigorously repressed, everything being reduced to a question of loyalty to the charismatic leader and every asker of awkward questions heing immediately expelled. immediately expelled.

Health problems

Mr Papandreou largely got away with all this until last year, helped hy an opposition that remained uoconvincing, and would probably have got away with his spectacular martial infidelity as well. ital infidclity as well. He might well have turned his health problems to political account. But the revelation of the Bank of Crete scandal, resulting in the arrest of several Pasok officials, the resignation of two senior ministers and very serious allegations against the Prime Minister himself, bas left the famous charisma badly tarnished. No one Imagines that in this Sunday's election Pasok can repeat its triumphs of 1981 and 1985. It is virtually a foregone conclusion that the conservative opposition, even with its widely disliked and distrusted leader, Mr Constantinc Mitsotakis, will emerge as the largest party.

Greece's allies and partners will be hoping that Mr Mitsotakis gets an overall majority and forms a government. But Mr Papandreou has made that very difficult for him by introducing an extreme form of proportional representation. It could be that Pasok will be in a position to remain in power if it does a deal with the Communists, who, however, have said they cannot co-operate with Pasok under its present leadership. Clearly there is a danger of a period of horse-trading and political paralysis, which might enable Mr Papandreou to cling to power. That would be of little benefit to anyone elsc. either in Grsece or

Nikki Tait and Michael Skapinker on Saatchi & Saatchi's troubles n Saatchi & Saatchi's 1987

annual report, the company sets out its strategy of becoming the world's dominant full-service management consulting practice. Management consultancy, it says, is "the provision of specialised services to enable the client to achieve a sus-

to enable the client to achieve a sustainable edge."

Today -just 12 months later - if any edge bas proved unsustainable, it is Saatchi's. The consulting division is up for sale, the group's ambitions of being a global, one-stop services empire are punctured, and analysts reckon the company will struggle to make just half the £160m pre-tax profit once forecast for 1988/9. profit once forecast for 1988/9.

The immediate financial reasons for

this turnround in fortunes are painfully clear. As the group's first half figures demonstrated earlier this week, costs have grown much faster than revenues. Trading profits have dropped, as a proportion of revenues, to 6.6 per cent in the six months ending in March 1989, sharply down from 12.6 per cent a year before. Attacking those costs is itself cost-

Attacking those costs is itself cost-ing the company money. Since last year, the company has trimmed 500 jobs from its total of over 16,000; redundancy and reorganisation costs clipped almost £6m off profits in the six months to March 1989.

six months to March 1989.

The deterioration in the business is showing up in the company's balance sheet. At the end of September 1988, Saatchi and Saatchi had a net cash balance of £65m; by now the company's net debts are put at £30m.£90m. in the six months to March, this has produced a £10m swing from earning interest to paying it out.

The company denies that the decision to move out of consulting is a

The company denies that the decision to move out of consulting is a fire-sale response to these numbers. The decision, says Mr Jeremy Sinclair, Saatchi's deputy chairman, is "a recognition that the company's ambitinns for consulting will not be realised." Rather than teeter along as number ten in the industry, runs the thinking, with little hope of making further acquisitions to boost the market position, it is preferable to ket position, it is preferable to retrench.

Cynics may see the decision less kindly. Aside from the financial pressures, the usual spate of rumours that beset any troubled company have sur-faced — with break-np schemes touted, management buy-outs mooted, and so on. By blting what might become an inevitable bullet, Saatchi at least controls its own fate.

But if the immediate problems and at least part of the proposed solution are visible, this does not answer the basic question; what really has gone wrong? The problems appear to fall into

two categories:

General questions over the development of the "communications" side, based on the original advertising husiness which the two Saatchi brothers, Maurice and Charles, built up to be the world's biggest in the 19 years since they founded it in London in 1970. These questions include the size of the digition's cost becaute of the division's cost base; the extent to which poor forecasting and delayed client spending have led to the mismatch of costs with revenues; and the degree to which Saatchi has developed the right hlend of advertising and other marketing services.

 Specific problems relating to Saatchi's foray into consulting, which began with the acquisition of the Hay Group of remuneration consultants in 1984, and continued with the purchase of a clutch of smaller consultancies in litigation support, technology devel-opment, logistics management and so

At the time, the move into consulting was easy to justify. The sector was booming and the large accountancy firms were rapidly building up consulting practices of their own. If

Saatchi & Saatchi Results by division in first 6 months o (financial year Oct-Sep) financial year (£ million) 100 Communications Consulting 300 150 Trading profit

How the dream of dominance died

they could do so, wby should an advertising company not do the same? It was to the accountancy-based firms that Saatchi turned in its search for someone to lead it to world dominance in consulting. In 1986 it recruited Mr Victor Millar, previously of Arthur Andersen, to head its consulting business. sulting husiness

sulting business,

Mr Millar, who was hired on a fiveyear contract, says he always knew it
would take time for Saatchi'a move
into consulting to pay off. "At the
beginning I said it would take the
better part of my contract-time to
build the consulting unit. Ws were
one third of the way home."

He still insists that the Saatchi consulting business had "the potential for
generating very significant profits,
hut it does require investment in the
companies."

That is where the consultancy strategy ran into trouble. While it was building its communications business through acquisition, Saatchi was able to rely on a seemingly insatiable appetite for its shares among investors on both sides of the Atlantic. That ended with the October 1987 stock market crash, and – just before that – the unhappiness among investors at the brothers' proposed purchase of Midland, Bank.

Investment in its existing consul-

Investment in its existing consultancy businesses and the purchase of new ones is something that Saatchi, in its present straitened circum-stances, simply cannot afford. "I don't think they intentionally let me down," Mr Millar says. "I think the reason we can't see it through is our fund-raising problem. Obviously we're all very disappointed, mutually disap-pointed. It's not a matter of A letting

It is not clear how far the strategy relied on the emergence of synergy between the communications and consultancy sides of the business. Mr Millar denies that it was ever Saatchi's

intention that the consulting and advertising arms of the group would pass clients on to each other, "That was never a major objective," he says. There was some cross-referral of busi-ness between the communications companies and the market research wing of the consulting group. However, he says that the various consulting companies had successfully passed clients to one another, although he will not provide details.

Roughly half of Saatchi's consulting revenues come from Hay. Its management refuses to comment on Saatchi's decision to put its consulting revenues come.

decision to put its consulting compa-nies up for sale. But comments made last month by Mr Chris Matthews, Hay's chairman, did point to a mis-match of expectations between Saatchi and its consulting unit.

Mr Matthews said that Saatchi had

set Hay a wholly unrealistic profit target for the current financial year.

Attempting to achieve Saatchi's profit target was like 'driving with one foot on the accelerator and one on the brake'

He said that what Saatchi wanted from Hay was "something in excess of a 50 per cent increase over the previ-ous year's profits." He said that this was doing and far ahead of what we had done in the past."

Hay had taken on new staff, but they still had to be trained. Attempting to achieve Saatchi's profit target was like "driving with one foot on the accelerator and one on the brake," he

Mr Millar admits that the agreement under which Saatchi bought the Hay Group was badly atructured.

When Saatchi bought Hay, it negotiated an "earn-out" agreement with the consulting company's management, under which the ultimate purchase price depended on the level of profits in the years immediately following the change of ownership. The earn-out period ended in September 1987.

Critics say the agreement was one of the causes of Saatchi's consulting problems. In order to maximise profits and earn their profit-related payments, Hay's managers held back on investment. The end of the earn-out period led to a resumption of investment in new consultants, training and technology, which meant that Hay could not provide Saatchi with the level of profits it was demanding. "That earn-out predates me," Miller says. "It's true that investments after the earn-out had some catching up to

says. "It's true that investments after the earn-out had some catching up to do." He says that Saatchi had negoti-ated better agreements with compa-nies it bought in subsequent years. "We do learn as we go," he says. The earn-out agreements negotiated with other companies included a require-ment that the level of investment in training and technology remain at its training and technology remain at its previous level or that it constitute a

specified percentage of revenues.

Mr Millar says Saatchi hopes to sell its consulting companies as a single unit. He adds, however, that Saatchi will be prepared to sell individual con-sulting companies "in the event that one of our units is so attractive to an individual buyer that a premium price is offered."

For Mr Millar himself, the decision For Mr Millar himself, the decision to sell the consulting business signals an end to his association with the Saatchis. He says that once the con-sulting business has been sold, "there suming business has been som, "there wouldn't be a role for me in the Seatchi organisation." But he hopes the new owner might want to keep him on. "If the buyer is interested and it makes sense for them and for me, then I would probably move with the

consulting unit," he says.

It is thought unlikely, however, that a single buyer will be interested in all Saatchi's consulting companies. The husiness will probably have to be sold as two or three separate units. A management huy-out of some or all the consulting business has been dis-cussed, but Saatchi is understood to have given it the thumbs-down on the grounds that it might deter other,

richer, buyers.
It is at least arguable that the emphasis on consulting has cost Saatchi expansion opportunities in marketing services. "In a sense, that's probably true," suggests one analyst. "After all, everything they raised after the Bates acquisition went on consulting". (The purchase of Ted Bates, the US advertising agency, in 1986, was the last big communications

Mr Sinclair, asked the same ques-tion, thinks long and then disputes the claim. He does not believe that the consulting thrust has produced

neglect elsewhere.

It is indispntable, however, that
Saatchi has ended up with a communications husiness which comprises around three quarters advertising, with only 25 per cent in the faster-growth marketing services area. With this in mind, the 6 per cent growth in first half revenues on the communications side is more or less in line with

analysts' expectations.

Much play, of course, has been made of deferrals — that is, significant advertising campaigns postponed either because of the economic uncertainties of the economic uncertainties. tainties asset in the commit the retainties or for any number of other reasons. Yet in reality, analysts appear to be guessing at a deferral figure of around £25m which, set against first half revenues on the

communications side of £392.8m does not appear to be vast. Nevertheless, it is this "marginal" business which will drop straight through to the bottom line — or not, through to the bottom line — or not, as the case may be. Saatchi's warning note that it was relying heavily on business flowing in in the July-September quarter, which could yet spill over into the next financial year, prompted much of the analysts' downgrading of their profit estimates this

A more fundamental worry about Saatchi's continuing business — the communications division — is the scale of the company's costs. Again, the medical of the company's costs. the melding of businesses in the wake of acquisitions — in particular, the blending of two of the the group's New York agencies, Dancer Fitzgerald Sample with Saatchi & Saatchi Company

Sample with Saatchi & Saatchi Compton, plus the merger of Bates and another US subsidiary, Backer & Spielvogel — cannot have facilitated accurate forecasting.

To this must be added a more general concern about the level of head office expenses. The very fact that Saatchi has already trimmed head office staffing by a fifth, speaks volumes, some analysts say.

The final criticism concerns the very considerable number of executive changes. At a time when the financial picture is anything but rosy, the finance director, Mr Andrew Woods, is relinquishing his position to supervise the consultancy division's fate.

Where does that leave Saatchi's for a global, one-stop communications and consulting group? Unproved, at best. The accountancy firms have had problems diversifying into consulting, problems diversifying into consulting, with tensions between consultants and audit specialists. They have managed to hold themselves together, but then they do not suffer from the attention that goes with a stock exchange listing. What is clear is that if the world was ready for a one-stop firm, Saatchi was not.

Steel goes down quietly

■ David Steel professes himself well satisfied with his Euro-pean election campaign in Italy, but desplite four hrief bursts of activity in the central regions for which he is a candi-date, the main question among the voters is: David chi?

the voters is: David chi? His attempt to establish a single political market in single pointical market in Europe has met with a large amount of consumer indiffer-ence. Once Steel's candidacy for the "polo laico" (a coalition of Liberals and Republicans plus a smattering of Radicals had been announced, the Ital-ian media displayed no further interest — not even in the giant constituency embracing Tuscany, Umbria, Lazio and the Marches in which he ranks second on the coalition's list.

"People have just not notice him," says a political correspondent on La Nazione, Florence's daily newspaper, which has failed to devote a single column inch to the former leader of the liberal Party. leader of the Liberal Party. He campaigned with a written Italian text which, after pick-ing up a few words on his first campaign visit, he gleefully embellished with a description of Mrs Thatcher as "Signora Fuoripasso," (Mrs Out of Step). One of his running mates is the white-baired, clemental radical leader. Marco Pannella,

Clean funds

who is campaigning for the

legalisation of all drugs.

■ The UK ethical Index fund. launched by London and Bishopsgate International (LBI) this week, is advised by Pen-sions & International Research Consultants Ltd. The latter is a pensions research group which sets very strict ethical criteria about what may be invested in, partly because it is advising trades unions and local authorities. For example, it boycotts any company that has associates or subsidiaries

OBSERVER

in Sonth Africa. On those grounds, it has no truck with Maxwell Communication Corporation, the company led by Robert Maxwell. LBI is headed by Lord Don-

oughue, once a very senior policy adviser to Prime Ministers Wilson and Callaghan. It is 75 per cent owned by Rob-ert Maxwell. There is no problem about that, however, explains Alan MacDougall, explains Alan MacDougall, the managing director of Pen-sions & Investment Research. Maxwell's MCC may be beyond the pale, but Maxwell himself is considered clean. Donoughue agrees. He says that Maxwell the man and

MCC are quite separate entities and that there is no cause for embarrassment. Anyway, the fact that MCC is not included in the ethical index demon-strates that Maxwell's role is independent from his role in MCC. Other ethical funds do include MCC.
As it happens, any argumen
is largely hypothetical. The

Is largely hypothetical. The MCC interest in South Africa was a book distributor called Macdonald Purnell Pty Ltd in which it had a 100 per cent stake. A spokesman for MCC said yesterday that it had now been disposed of and there were no remaining South Afri-can connections. MacDougall said that he had not been told of the disposal, but when he is, MCC will be as clean as Maxwell

Thirsk follies

■ The beatwave in Thirsk is doing strange things to the locals according to Bill Foggitt, the 76-year-old weatherman. who says the town is rife with stories of young women run-ning naked in the fields near his home. "I have been keeping my binoculars ready by the window, but I baven't seen any yet," be said. The fashion for streaking,



"He voted Green and asked for his ballot paper to be recy-

however, is just one more reminder of the record summer of 1976 which Foggitt believes could be repeated this year. The weather this month has already broken one of Foggitt's records. The temperature on a muggy night three days back never fell below 60 deg F. "I have never had a night mini-mum temperature as high as

that in June," he said. The plague of ladybirds that bedevilled the area a few weeks ago has been replaced by fields and bedgerows full of orange-tipped butterflies from caterpillars that feed on the Lady's Smock or cuckoo flower.

A couple of nights of beavy rainfall recently has led Foggitt to keep a look out for cumulus clouds which some-times rise to high peaks early in the day, bence the farmers' lore: "Mountains in the morning, fountains in the evening," although Foggitt doesn't put much store by it, "Sometimes the clouds just go away," he

His current worry is the con-

fusion between solstice day. June 21, and midsummer's day. He said: "While the 21st is the longest day, midsummer's day is the 24th of June, although I'm not sure why. I think Shakespeare had something to do with it when he wrote Midsummer Night's Dream and dated it the 24th. I am still puzzled about that one."

Delors in town

■ On the day that five of the 12 European community countries were voting for its Parliament, Jacques Delors, the Presideot of the Commission, was paying his first visit to Washington for four years. He has been given the same treatment as a head of government. as a head of government, seeing President Bush, Congressional leaders and so on. His press conference attracted an attendance of nearly 100 and eight television camera crews. All the main Continental news organisations were represented in force, but only three of the journalists were British and none of the cameras were.

By now Delors can have few

illusions about the indifference, and even hostility, of many in Britain to the Commu nity. He remarked yesterday that Mrs Thatcher differed from the rest of the 12 in her basic conception of the future of Europe. Given her opposi-tion to proposals on monetary union and the social charter, could Britain, he was asked, remain a member? "At the moment, yes," was all he would say.

Dog's life

■ A middle-aged lady was buying a large box of liqueur chocolates in a Kensington shop olates in a kensingum snop and asked the assistant to gift-wrap it. "It's a present for Betty," she said. "She's two tomorrow." "If I may say, madam," the assistant warned, "I don't think these are suitable for a child of two."
"Betty," said the lady sharply,
"is a Pekinese."

BARNSLEY

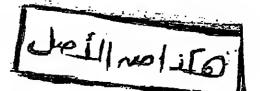
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CONTACT

The Development Office. Barnsley Metropolitan Borough Council. Town Hall, Barnsley, \$70 2TA Telephone: 0226 733291



Sir Owen Green. Chairman, Landon SW1

Dear Sir Owen,

Thank you for telephoning your colleagues in South Africa and asking them to show me the BTR uperations out here, including the one that has given you so much trouble at shareholders' meetings. Although you control only 58.3 per cent of BTR Dunlop Ltd they gave me 100 per cent co-operation. The local Chairman, Mr A.M.D. Gnodde, came down to Durban and ation. The local Charman, Mr A.M.D. Gnodde, came down to Durban and together with his Group Industrial Relations Director, Glen Sutton, we drove up to your Sarmcol rubber factory at Howick in Natal, where the

I will not go over all the details here, but it is worth recapitulating the salient points. There was an all-out strike on April 30 1985, and Sarmcol sacked the lot - 970 employees in all - three days later. (Yes, I know it's a while ago now, but the matter is not yet closed, as you will be peinfully aware from the shenanigans at your AGM.) The strike was preceded by a year and a half of difficult negotiations, which had been outperpared by strongers.

cult negotiations, which had been punctuated by stoppages, go-slows, overtime bans and the like.

It is not difficult to imagine the frustration felt by the local management at the time, especially as I have had long conversations with officials of the National Union of Metalworkers of South Africa (Numsa). Plainly they underestimated the determination of Sarmcol's managers. Colleagues who were here say that that determination was bolstered by hard, old-fashioned, South African attitudes. Equally plainly Numsa is part tudes. Equally plainly Numsa is part of the "mass democratic movement," as they call it, which means that in addition to its industrial rule it is led annum to its mainstrial role it is led by people who feel themselves to be part of the anti-apartheld political vanguard, along with the other organ-isations that represent, broadly speak-ing, African National Congress think-ing. They say they want BTR out of the country, and they have got the Confederation of South African Trade Unions to hand it "one of the worst

Unions to brand it "one of the worst foreign employers in South Africa."

BTR Dunlop Ltd does have agreements with Numsa, at some of its other plants; but in this instance it signed up with an opposition black union - one associated with Chief Buthelezi's Inkatha movement - to represent many of the 650 or so employees who have replaced the sacked 970. The two unions are hitterly opposed to one another politi-cally, in a climate made the worse by the current civil war in the area. The workers your subsidiary dismissed were initially offered the chance of re-applying as individuals, but only 66, none of them Africans, took this chance. Unemployment is extremely high in that part of the country and it is doubtful whether many of the 375 who come from the unprepossessing Mpophomeni township, or the others who come from immediately adjacent

POLITICS TODAY

Open letter to Sir Owen Green

black areas, have found jobs even now. Numsa says there is serious malnutrition. It also claims that four of its local officials have been killed by Inkatha; I have no way of knowing if there is any truth in this.

As you know, the quarrel has gone before the courts. You won in the Industrial Court, but lost in the Supreme Court, which ruled that the President of the Industrial Court should have recused himself. An

should have recused himself. An appeal is in progress.

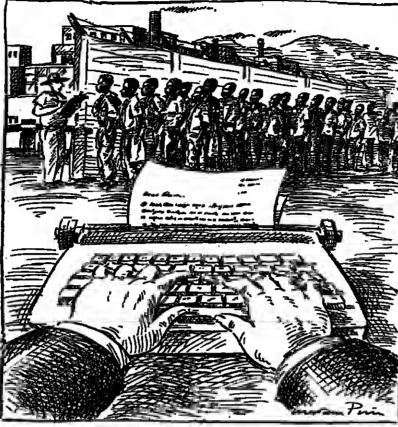
appeal is in progress.

What else could it do? It is probably too late to take back the sacked workers; their replacements need the jobs as hadly as the others and they have been in them for some time now. Sarmool has repaid the pension contributions of those it dismissed, with interest. This has given them an average R3,000 — say \$750 — each, much of which Numsa has placed in a trust fund. Your local managers seemed surprised when I asked if any consideration had been given to a wrap-up deal involving a final severance payment. I was thinking of what Rupert Murdond print workers in not dissimilar circumstances.

Sarmcol has not kept track of its former employees' addresses, but claimants would appear if there were something to claim. The deal would be difficult, not to say exasperating to negotiate with a Numsa that is feeling its strength elsewhere, but it should be possible.

You may say that there is no reason to do this, that you have an answer to every accusation Numsa makes. Mr Sutton wonders about the union's responsibility for the damage to the plant's trading results. You are, says your literature, "in business, not politics." I know your view that the creation of wealth is the best thing BTR can do for the community, period, it is also true that your South African subsidiary is desegregated, and that, in theory, it provides opportunities for employees of all races. Sutton wonders about the union's

What I question is whether, in South Africa's special circumstances, this is good enough. I am not talking disinvestment here. One of BTR Dunlop's competitors, Goodyear, has just announced that it is pulling out, but then so have more than half the 300 ISS compenies formerly guerating in US companies formerly operating in the Republic, Let's leave that argu-ment on one side and concentrate on companies that are staying in, as BTR says it intends to do.
Such companies are to some extent



in politics whether they like it or not. m points whether they like it or not. Shell, which has become an anti-apartheld target, pays for full-page advertisements calling for an end to the state of emergency and the release of all political prisoners. "Let the people speak," says Shell, it produces an annual report showing its links with black businessmen, its promotion of black managers, and its social problack managers, and its social pro-

You may shrink from such things, and especially from such a high-pro-file approach. There is another example, however, over at Unilever's South African branch. The day after visiting Howick I went down to their head-Howick I want down to their head-quarters overlooking Durban harbour to meet its chairman, Mr Nigel Clay-ton and his colleagues. There is no quastion of disinvestment in Mr Clay-ton's mind, and no pressure, either. But whereas RTR has no specific "black advancement" programme, and an apparent aversion to a social programme (apart from small disprogramme (apart from small dis-bursements from its charity budget),

Unilever presents a "Social Report" and does much else besides.

At present some 9 per cent of its managers are black. There is a detailed plan to double this, to 18 per cent, by January 1 1993. Unilever grades its employees by "Job Class" and managers are JC 19 or above. At that level they are mainly in supervisory grades — better than the odd shift foreman to which BTR could point At JC 21 was get a comment. point. At JC 21 you get a company car, there are at present 26 black Uni-lever managers at this level or above. There are just two at JC 24; both have whites working to them and are clearly on a moving staircase. A fur-ther three high-fliers are on secondment to Unliever in Britain; yet others are sent on various training

BTR — which has 3,714 black employees out of a total of 6,118 as against Unilever's 4,800 out of 8,000 does not appear even to think in these terms. If a black manager of gentus thrust himself forward he might be

considered, but that is not the Unilever way. It has a positive manage-ment development programme which it insists goes beyond window-dress-

ing.

The biggest union Unilever deals with – the Chemical Workers Industrial Union – is of the same ilk as Numsa, but although there have been shortish strikes there have been no shortish strikes there have been no mass sackings. Your BTR management is a touch legalistic; Unilever regards resort to the law as a very last action. "There has to be a relationship," says Mr G.D. Varnals, its personnel director. Of course Unilever was consultative — paternalistic — before black unions were legalised in South Africa which is perhaps why it South Africa, which is perhaps why it

South Africa, which is perhaps why it can even now claim good relations with its workforce. "A relatively good company," I was told when I talked to Numsa officials.

Mr Clayton also takes a more direct part in politics. Unilever joined a delegation that approached Boksburg council after it banned blacks from previously multi-racial facilities. It is part of a Durban business initiative to part of a Durban business initiative to persuade local councils to allow black persuade local councils to allow black executives to hny homes in white areas. "They are in the post-apertheid society during the day when they work here," says Mr Clayton, "but they go home to township life at night." The company has protested, albeit quietly, when its employees have been detained.

Outside the far right, it is hard to

Outside the far right, it is hard to find a South African of any colour who believes that apartheid has many more years left in it. The arrival of a non-racial government is regarded as a matter of when, not whether, by most, and of a specifically black gov-ernment as likely by some. The Clay-ton approach is to build bridges to the

future. Is BTR's?

There is another concern. The real struggle in South Africa today is, first to get a democratic government, and second, to control it. The "mass democratic movement" wants a socialist South Africa. Since there is no black vote, nobody can tell how "mass" it is. I — and surely you are totally with me here — want a free-market, entrepreneurial South Africa. There are as many assessments of the balance of many assessments of the balance of forces in this argument as there are people to ask, but my own suspicion is that while the capitalist-roaders have very much strength, the social ist-roaders should not be underesti mated. They may have the majority of the black hearts and minds; we are unable to tell until there is universal

suffrage.
In short, you cannot operate in such a fast-changing environment, under so many spotlights, and stay politically aloof. Companies that act tough and do nothing are themselves affecting the political climate. I do not think that your BTR managers have horns and tails; I found them charming. What I am hoping to get across is that it is BTR's London-based philosophy that is working its way through to its South African subsidiaries. It needs up dating. needs up dating.

LOMBARD

The wisdom of an Asian tiger

By Michael Prowse

WHEN I arrived in Seoul last month, a note in my hotel bed-room said Korea would shortly be celebrating "Teachers' Day." A few days later, a busi-part of the second of nessman explained bow his son, baving taken a first degree in Korea and postgrad-uate qualification in the US, was about to enter the London Business School. He saw noth-ing exceptional in his son taking three degrees and not set-tling down to an industrial career until nearly the age of

The same commitment to education was apparent at the economic ministries, where most of the ministers are former professors of economics and top officials have PhDs as a matter of course. (In Britain, the Chancellor of the Exche-quer is regarded as well quali-fied because his undergraduate degree contained some courses in economics). The Korean Educational

Development Institute (KEDI) - a lavishly funded govern-ment think-tank - showered me with pamphlets explaining the link between educational and national development. In the last 40 years, the growth of secondary and higher educa-tion has been matched only by that of Korean GNP and exports. In 1945, the high school population numbered only 40,000 and there were less only 40,000 and there were less than 8,000 students in universities and other higher education colleges. By 1988, high school numbers had swelled to 2.3m and nearly 1.5m students were enjoying higher education.

Korea now boasts much higher participation rates in both secondary and higher education than many so-called

education than many so-called advanced countries. In Britain, only 45 per cent of 16-year-olds remain in full-time education. The figure in Korea is 90 per cent. In Britain, only 15 per cent of 18-year-olds proceed to three-year courses at universities on polytechnics. In Forme three-year courses at universities or polytechnics. In Korea, about 35 per cent of high school graduates embark on four-year courses at universities and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved participation rates which exceed the distant dreams of Mr Kenneth Baker, the UK Education Secretary.

There is no pretence that determination to dards marks a track with the U backwardness of tion is just not respect to the parents and child persuaded to raise tions—at least obtaining in a result of the parents and child persuaded to raise tions—at least obtaining in a result of the parents and child persuaded to raise tions—at least obtaining in a result of the parents and child persuaded to raise tions—at least obtaining in a result of the parents and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved parents and child persuaded to raise tions—at least obtaining in a result of the parents and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved parents and child persuaded to raise tions—at least of the parents and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved parents and child persuaded to raise tions—at least of the parents and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved parents and colleges and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved participation parents and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved participation parents and colleges and colleges. A further 20 per cent attend two-year junior colleges. Korea has thus already achieved participation parents and colleges and colleges. A further 20 per cent attend two-year junior colleges. The parents and colleges are parents and colleges are parents and colleges and colleges are parents and colleges are parents and

one curriculum is suitable for everybody: 60 per cent of high schools are "academic" and 40 per cent "vocational." Premature specialisation is not allowed. The British habit of letting 16- to 18-year-olds study just three subjects, often in related fields, would be regarded as absurd. In Korea courses can be tilted towards science or the bumanities, but everybody has to study e wide range of subjects throughout their school life. The core disciplines are compulsory. This means that 90 per cent of chil-dren study maths up to the age of 18; in Britain the figure is certainly well under 10 per cent (only 5 per cent of 18-year-olds pass A level maths). Korean education bas Thatcherite features. Only the

first six years of schooling are free. Parents (except in very poor regions) heve to pay about \$600 a year towards the cost of a child's high school education. University tuition costs around \$2,000 a year. costs around \$2,000 a year.
These are heavy burdens given
the comparatively low level of
incomes — but parents in this
still Confucian society are willing to make the sacrifice.
Korean educationalists
remain far from complacent.
Dr Shin Se Ho, the president of
KEDI says there is far too

KEDI, says there is far too much emphasis on memorisa-tion and rote learning and not enough scope for "self realisa-tion." He describes the competition in high school for university places as "inhumane." Students leave home at 6.30 am and do not get back until well after 9 pm - and then they have to watch educational pro-

grammes on television.
The Korean education system is flawed. But you can be certain that the miraculous progress of the post-war years will continue. More attention will be paid to creativity and personal development. The termination to raise standards marks a striking con-trast with the UK, where the backwardness of state educa-tion is just not recognised. (Mr. Baker is proud of a national curriculum which finishes at age 16.) Somehow, politicians, parents and children must be persuaded to raise their aspirapersuaded to raise their aspira-tions - at least to the levels obtaining in a relatively poor

LETTERS

'The Chancellor and the PM should agree'

From Professor Geoffrey

Sir, Even Prime Ministers should recognise the truth in the old adage that "bygones are forever bygones." While it may be true that the Treasury's policy of shadowing the D-Mark in 1987 and early 1988 contributed to the recent rise in the UK'e inflation rate, shadowing it in today's circumstances could put a check on our future inflation rate. The UK will soon be (if it is

Brain drain paradox

From Mr Alexander Murray.
Sir. Mr Robert Jackson, the
Minister for Higher Education
(Letters, June 13) believes that
the "brain drain" of top university talent is chiefly a matter
of salaries, and makes this a

reason for opening academic

Salaries cannot be the prime

concern for brilliant academics. Otherwise, being brilliant, they would not have chosen to be academics in the first place.

not already) in the classic posi-tion of tight monetary policy and high interest rates biting on demand and output growth before they begin to bear down on inflation. Excessive domes-tic demand may soon cease to be the main force behind inflation, leaving behind, as often before, wage-price reactions which maintain upward pres-sure on prices for some time to

come.

The best way to cap this pressure is to maintain a firm

So the attraction of the job

must lie elsewhere. It lies in an ensemble of proper conditions for practising a vocation. These conditions include — in

return for a relatively modest

salary - a measure of freedom

In other words, the means Mr Jackson proposes for bring-ing brilliant academics back is

precisely what is driving them away.

from market forces.

Alexander Murray University College, Oxford

to be kept that much higher than would otherwise be the This then runs the risk of "overkill" as far as domestic

for the Prime Minister and the Chancellor to agree, and be seen to agree, on exchange rate policy as well as on monetary policy. While there is something to be said for "floating" exchange rates in some circumstances, there is very little to be said for a "sinking" exchange rate, which seems to be the danger today. Geoffrey Maynard, Investorp, 65 Brook Street, W1

demand is concerned, increasing the danger of a hard landing (that is, recession) for the British economy.

It is therefore very important

exchange rate; but in the absence of confidence in for-eign exchange markets that the Government really intends

Road for London

From Mr Peter Bottomley MP. Sir, It is ludicrous for Mr John Wakeham, chair of the Association of London Authori-ties Planning and Transport Committee, to suggest ("Getting around London," Letters, June 14) that we have to spend 23.5bn on new roads in London to avoid wasting £4m spent on

The cost of all the assessment studies has been 8 per cent of the 250m annual cost of casualties in the East London

sessment study area alone There should be ways forward which are better and cheaper

than the most expensive

We aim to aid mobility, cut the 1,000 casualties a week, and reduce the impact of traffic on residents in London.

London will benefit from the

Peter Bottomley, Minister for Roads and Traffic, The Department of Transport, 2 Marsham Street, SW1

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In the 'public execution' of sovereign debt, who should pay?

From Mr Nicholas Hopkinson. Sir, Your editorial ("Brady and the banks," June 9) blames the Brady initiative for not providing the resources no sary to make the initiative work, and for inviting commercial banks to write off sover-eign loans in a public execution." Not only are you arguing for the transfer of risk to the taxpayer, but you are denying that the ball lies in the creditors' court. Your editorial, "Africa's debt burden" (September 30 1988), reinforces this last argument.

"Because the bulk of Africa's external obligations is owed to official creditors (unlike Latin America, where the commercial banks have the largest exposure), it is governments and multilaterial lending institutions which must play the leading role in resolving the (African) crisis."

If creditor governments take the lead in reducing a part of their \$250bn lending, then so should commercial banks take the lead in reducing their \$675bn exposure.

In any case, a transfer of risk is already under way, as goving share of new lending. Pub-

lic money has also been used to prevent systemic collapse and geo-political upheaval and accommodate tax changes. International financial institutions have been pushed into increased lending to big debtors and riskier programme Rather than criticise govern-

ments for not acting as the fairy godmother of the banks. G7 governments should be criticised for failing to define clearly the role of the banks after assessing what debtors can realistically repay. Although many commercial banks have found their own internal solutions, more radical and phased write-offs are required. Debt overhang is dampening world trade, and imaginative solutions - such as linking debt to trade -

should be further examined.
Providing substantial public funds would be politically suicidal for governments, particu-larly in the US where bailing out the big banks is not only anathema to imbedded values. but would also widen a public deficit that is already being stretched to prop up local

savings banks. Whether or not commercial

banks were encouraged to make sovereign loans, banks are antonomous institutions that risk shareholders' capital. That commercial banks should benefit from a large additional free ride on G7 taxpayers to subsidise their imprudent land-

ing in unrealistic. Let me stress that these views are my own, and do not represent the views of any institution. Nicholas Hopkinson, Wilton Park, Steyning, West Sussex

From Professor Ralph Reisner. Sir, "Brady and the banks" (June 9) takes the position that commercial banks that lent petrodollars are wrongly being asked by the US Government to bear part of the cost of debt reduction. While your commentary finds no basis for such demand, such risk has always been part of the basic equation of sovereign lending. Just as bankers knew that sovereigns cannot go bankrupt, they knew or should have known that sovereign lending carries with it the risk that if

things go wrong their claims

may become part of a govern-mentally sponsored workout.

The Litvinov agreement of 1934 settled the claims of US creditors against the Soviet Union. This and other similar negotiated settlements should have made clear to banks that their loans to Mexico and other sovereigns might in extreme circumstances be subject to a governmentally sponsored

The Brady plan does no more than ask for enlightened bank action to avoid an imposed solution. Raiph Reisner, University of Minois at Urbana-Champaign, 105 Law Building 504 East Pennsulvania Avenue Illinois, USA

Brain powered

From Ms Judith Roersley. Sir, When I was young one could drive a Morris Oxford or an Austin Cambridge. Today I parked next to a Skoda LSE. Is this an academic record? Judith Eversley. 40 Kipling Avenue,



FINANCIAL TIMES

Friday June 16 1989



Gorbachev sets sights on a nuclear-free Europe

Gorbachev yesterday rounded off his four-day visit to West Germany by further projecting his peace-making image and holding out the long-term goal of removing all foreign troops as well as nuclear weapons

from Europe.

At a press conference in Bonn, the Soviet leader admonished the North Atlantic Treaty Organisation (Nato) for still sticking to "elements of the old philosophy of the Cold War" in its proposals for con-ventional disarmament outAlthough he termed as "very encouraging" prospects for cuts in conventional arsenals at the Vienna talks, he said Nato's arms proposals could not be regarded as "a major

breakthrough."
Military levels in Europe
were "too high," he said. It was
necessary to work towards
eliminating altogether "at
some stage" foreign forces on
other countries' territory - maintained above all by
the US and the Soviet Union.
The Soviet leader took a
swlpe at Mrs Margaret
Thatcher, the British Prime

Minister, by describing as "eccentric" the UK's expulsion of alleged Soviet spies last month. He pointedly balanced the remark by thanking Britain for sending doctors to help after the recent rail disaster in the Urals.

Mr Gorbachev tried to give a diplomatic response when asked about the Berlin Wall. This was not the only problem in his future plan for a "common European home" but it would not last for "eternity," he said. He called for "mutu-ally beneficial co-operation" between East and West.

Mr Gorbachev's warmly received trip has further boosted West German sympathy for him and his goals while giving the Bonn Government a new feeling of being taken seriously in Moscow. It has also added to the strong currents in West German public opinion opposing Nato's present military strategies and calling for complete removal of nuclear weapons from West German weapons from West German

Soil.

But, as Mr Gorbachev flew home last night, he left behind serious doubts among industrialists about whether his pro-

gramme of Soviet economic restructuring can succeed. The Soviet leader received a warm reception in talks with business leaders, but no large contracts were signed during the visit. Companies with

shortage of foreign exchange.

Mr Gorbachev referred to the
scepticism yesterday when he
said the perestrolks process of
restructuring would face more
"painful" difficulties. But there
would be no turning back.
Gorbachev in the Ruhr, Page 2

By Richard Waters

IS someone taking you to the Henley Royal Regatia, perhaps to cement a business relation-ship over the Pimms and the strawberries? Yes? Well, think again; you may be one of the 3,600 or so carefree punters whose day beside the river is in teconordy

beside the river is in jeopardy after allegations of traud in

the corporate hospitality industry.

Henley Hospitality Regatta (HHR), a company formed in February, has gone into liquidation after one of its two directors left the country.

directors laft the country, allegedly with £30,000 (\$45,600) of the company's

(\$45,600) of the company's money.

Less than two weeks before the regatta, it is touch and go whether a deal can be patched together to save the day.

HIR was pert of the corporate hospitality industry which has sprang up to satisfy the business demand for facilities to entertain most valued clients (and would-be clients) at sporting occasions.

The company's failure will cast a lurid light on an industry which has aroused indignation among sports fans incensed at corpulent businessmen taking over Wimbledon, Twickenham and Ascot.

HHR sold places at this year's regatta - from £185 to £225 per person per day - to

£225 per person per day – to more than 80 businesses. Most

are understood to have taken between 20 and 40 places in one of the "tented villages"

springing up on the banks of the Thames.

The price was to include a Pinus and champague recep-tion, a four-course kunch and

afternoon tea. A jazz band and

straw boaters were to be

thrown in th create that anthentic English boating

The Abbey National's reasons for seeking a public flotation of its shares remain suspect, but Soviet links are cautious about increasing husiness mainly because of Moscow's chronic there can be no complaint about the pricing. A discount of 23 per cent to net asset value

Henley hospitality goes down the river

tion is any guide, punters would be well advised to bail would be well advised to bail out early on. Today, the TSB's shares are just 4p higher than they were in October 1986 although the market has since risen by more than a third. Indeed, the Abbey National's management should be forced to resign if they cannot better that sort of performance. The Bank of England's tougher capital rules should ensure that in the short term the Abbey does not waste money diversifying the short term the Abbey does not waste money diversifying in a big way out of its successful core husiness — lending money for housing. However, the longer term growth potential in this area must be limited and this is the reason why the Abbey wants to be able to branch into new fields, it will be several years before it can be several years before it can prove that it can do so without

The pound's trade weighted index has been falling for five days in a row, but the need for another panic rise in base rates is receding. Provided that Mrs Thatcher and her advisers do not make any more imprompto remarks about the Chancellor's abilities, and that today's UK inflation figures are not hor-rendous, the pound may be over the worst in the short

The latest UK average earnings figures were no worse than expected, the West Ger mans did not raise their interest rates yesterday and, as long as the foreign exchange mar-kets do not take fright at the election results, the UK author-ities should just be able to hold the line on interest rates. in this respect, yesterday's rise in the UK gilt-edged market is

encouraging. However, the lon-

Cheap seats at the Abbey

of 23 per cent to net asset value

— and a prospective yield of
8½ per cent plus — are generous terms, hnt then they
should be. Never again will the
Abbey National's small shareholders be able to wield the
sort of power that they did
when they voted to allow
Britain's second biggest building society to turn itself into a
bank. They deserve to be well
rewarded, and evan if the
shares begin trading at close to
net asset value — implying a
30p to 40p premium — they
will still yield more than the
Scottish banks, the most natural comparison.

Of course, if the TSB's flotation is any guide, punters

tapping its new shareholders for extra funds – the ultimate test of success.

Markets

FT~Actuaries High Coupon 25 year 1988 89

ger term questions about the firmness of the UK's anti-infla-tion policy persist, and as long as they do, any recovery in the exchange rate will remain frag-ile at best. The suspicion is that the political risks of reducing inflation to 4 per cent in time for the next election may be too much even for Mrs. may be too much even for Mrs Thatcher to contemplate.

Since BP excinded coal from its select group of chosen businesses, it was only a matter of tims until it put the business up for sale. The whole thing makes good enough sense; the market values the assets at almost nothing, whereas to a coal company they may be worth some \$600m. Most important, BP needs the cash, which would take between 1 and 2 percentage points off its

gearing. BP is being even better than its word in getting its gearing back towards 35 per cent, which it may manage within the next year or so. Since January alone, it has squeezed over thin cash out of its upstream assets and peripheral chemi-cals businesses, and there is plenty more of that kind of plenty more of that kind of tidying up to be done. The somewhat grudging commit-ment made yesterday to nutri-tion suggests that division is safe for now. Presumably, BP will get shot of it eventually, but to do so when it is making so little money, would just underline what a mistake it was to spend \$500m on Purina

British Steel

Mills just three years ago.

By rights, British Steel's share price should have done better than just track the market since it was floated. The big downturn in steel demand seems no closer than it was then, and is now not expected until the beginning of next

year. Far from disappearing, profits this year should grow by at least 10 per cent, even on yesterday's strong base of 553m. For now at least, vol-umes are there, prices firm, umes are there, prices firm, and there seems no end to the improvement of efficiency and gradual ungrading of product.

Yesterday's 2p fail in the shares was a technical matter, anticipating the fall when the shares go ex-dividend on Monday. More generally, though, nobody is interested in a cyclical steel maker when inflation is rising, interest rates high, and the economy poised to turn. In theory, a p/e of under 7 and a yield of over 7 already should take care of all that. An un-market steel producer going into a downturn from a starting point of minimal overcapacity will clearly cope better than most; but as British Steel's position is without precedent, the market is perhaps right to be cautious.

Meanwhile the company evidently feels under little pres-

dently feels under little pres-sure to spend its cash, which is mounting at £1.5m a day. With a return on capital scarcely higher than the base rate, there is little to be lost for now by sticking it in the bank.

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Johnson Matthey

Johnson Matthey's earnings may well be the same in 12 months' time as they are today, but it seems a fair bet that the share register of the company will look substantially different. Indeed, the market has been busy for some market has been busy for some time already trying to mix and match Minorco, Charter Conmatch Minorco, Charter Consolidated, Cookson and Johnson Matthey in such a way as to justify a hid premium for the latter, Yesterday's Minorco board meeting — the first since the Gold Fields escape — may have taken the process one step closer to completion. The market will be listening hard next week when Charter announces its own results, eager for a clue to the fate of that company's 38 per cent holding in Johnson Matthey. Without the prospect of corporate fun on the horizon,

porate fun on the horizon, investors would have to be content with a vision of duli-ness all round — and Johnson Matthey would have to settle for a prospective rating of well under the current 13 times earnings. Green concern in Europe will do wonders for the catalytic converter industry— and for Johnson Matthey's platinum— in the medium term. But in the short term. profits will be slave to factors beyond the company's control: metals prices, exchange rates, US economic growth.

Woomera set for a new lift-off

Chris Sherwell on plans to rejuvenate world's largest rocket range

VERY 15 years or so, a monsoonal trough is sucked into the arid heart of Australia. The torrents of rain create hundreds of lakes and, in a fresh lease of life, the continent's vast scrubland becomes a carpet of green. At Woomera, in South Australia's featureless plains, the "Big Wet" has been as torrential as anyone can remember. But the talk of the town concerns another exciting lease of life: for the place itself, in a move so obvious it is

surprising no one thought of it before, Canberra's federal gov-ernment and the state govern-ment of South Anstralia are collaborating to rejuvenate the world's largest rocket range by commercialising it.
Thirteen companies, includ-ing British Aerospace of the

UK and Thomson-CSF of France, have already expressed interest in using the facility. The authorities are hoping some A\$250m (\$186.5m) will be invested in the range over the

next ten years.

The alternative is further painful decline for the place which, more than any other, symbolises Australia's enduring military link with post-war links and the state of th

ing military link with post-war Britain.

In the 1950s and 1960s, Woomera was Britain's chief rocket and guided weapons testing centre. Across a prohib-ited area the size of England, missiles like Rapier. Blood-hound, Sea Dart and Sea Slug were tested and proven. And in were tested and proven. And in the far corner, at Maralinga, Britain conducted its contro-versial atmospheric atomic

bomh tests. The Joint Project, as the Anglo-Australian arrangement was euphemistically known. reached a peak of activity in the mid-1960s when Woomera's population topped 5,000. But decline, finally spluttering to an end in 1980.

Other organisations temporarily filled the growing breech. The European

SOUTH AUSTRALIA QUEENSLAND **NEW SOUTH WALES** CANBERRA **VICTORIA**

Launcher Development Organi-sation (Eldo) conducted its rocket launcher trials at Woomera. Nasa of the US had space tracking facilities for many years, while there were npper atmosphere research rocket launches by Nasa and the European Space Research Organisation.

Most significantly, just out

side the small town the US and Australia set up their joint facility known as Nurrungar, involving a garrison of some 500 US air force personnel. Even now, Nurrungar is cru-cial to the Western alliance's early warning system to help deter a nuclear war. Despite all this, Woomera in ths 1980s has operated on a care-and-maintenance basis, and its days have looked

In a proposal that was quickly embraced by Canberra, the state government last year suggested offering the use of Woomera to the corporate world and, in particular, the world's defence and aerospace

The selling points were the range's obvious attributes: its size and its isolation. Woomera is like a buge open air lab.

Rocket trajectories can he monitored, and the debris collected, much more easily than at sea. Apart from the Mojsve Desert in the US, it is the only large land-based rocket range

arge land-based rocket range available to the West.
Just as attractive, it is far away from prying eyes, it suffers little physical or electronic interference and, harring the 15-year exception, it is climatically stable.

cally stable,

The state government's proposal, fortunately, coincided with Canberra's reassessment of defence policy. Among other things, the federal government decided to push for more defence exports, both to help the balance of payments and boost Australia's high technology industries.

After further refinement of ne idea, Canberra earlier this year advertised for expressions of interest in the use of Woomera. Among the 13 respondents are the government's own Aerospace Technologies of Australia, and the recently-formed South Australian group **AWA Defence Industries** Also on the list are BHP Aerospace and Ansett Technol-

ogies (each connected to large Australian companies) and

ing and consulting group. According to state govern-ment officials, the response of British Aerospace and Thom-son-CSF masks an even wider range of foreign interest from groups which understand offi-

cial preference for Woomera to remain in Australian hands. It is interesting that the two governments do not expect Woomera to attract rocket or missile-related activity. Rather, they see Woomera as most attractive to other armed forces keen to practice air comtorces keen to practice air com-bat manoeuvres, and as a site suitable for developing elec-tronic warfare measures and for testing avionics equipment. Clearly, no arrangement for the commercial use of Woom-era will be allowed to preclude continuing access for Austra-lia's defence forces. Indeed, it

is hoped that some of the range-testing currently done at considerable cost abroad will now be done at Woomera.
The fact that commercialisa-

tion had not been proposed before is indicative of a previous official preoccupation with rocket and weapons-testing. For the 1,900 current inhabit-ants of Woomera, the change may be painful. But at least their town may survive.

Earlier this year, Ansaldo

atmosphere.

Between slurps of champagne the revellers might also
have cared to glance across at
the Thames from their position immediately opposite the official steward's enclosure, one of the high temples of old-world British social pres-

tige.
They might just have caught sight of the world's leading carsmen thrashing down the river in the world's oldest anniversary.

The tented village is being

run by Regatta Hospitality, which is making 600 places a day available to HHR clients. HHR's publicity material had already caused consterna-tion in the sedate backwaters of the Henley Royal Regatta, whose stewards host of the annual five-day event. The annual five-day event. The stewards' lawyers threatened HBR with an injunction unless it made it clear to its clients that, despite the similarities in the names, it had nothing to do with the organisers of the event. Things went from had to worse this month when Mr Alex Cooks a disease of the Alex Ozer, a director of the company, is alleged to have withdrawn £30,000 from the company's account with Lloyds Bank and departed, Pulham police are now looking into the matter after a complaint from an HHR employee. The company called in the liquidator earlier this week. The remaining director, Mr Solomon Form, could not be contacted yesterday. It is nuclear where this leaves HHR's clients, or Regatta Hos-pitality, which has already sunk £200,000-£300,000 into

preparing for them.

Regatta Hospitality says it will try to contact HHR's clients and arrange for as many as them as possible to get to Henley. The moral of the story? It is

summed up hy Mr Richard Goodard, secretary of the Begatta: "Any company choosing to entertain at any major event should as a mat-ter of plain common sense con-tact the organisers to see that the people they are dealing with are reputable." His own advice: use the offi-cial hospitality, provided (at a profit) by the stewards. FOCUS ON THE U.S.

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Tokyo shares suffer biggest fall this year

Continued from Page 1

fears of another increase in Japan's official discount rate despite assurances to the con-trary from the Bank of Japan. Government bond prices came Government bond prices came under heavy selling pressure yesterday, the price of the benchmark 111th government bond falling Y0.34 to Y94.34, raising the yield by 0.06 per cent to 5.540 per cent.

Also in the background was

uncertainty about the domestic political outlook. A poll pub-ished yesterday showed only 22 per cent of eligible voters support the cabinet of Mr Sousuke Uno appointed Prime Minister only two weeks ago. Most political analysts expect that the ruling Liberal Democratic Party, battered hy the Recruit bribery scandal in recent months, will lose its majority in elections for half the scats in the upper house of the Diet next month. That would make it more difficult for the LDP to manage govern-ment business, including the increasingly difficult trade negotiations with the US.

Soviet Union, Italy to consider railway signals joint venture

By Quentin Peel in Moscow

THE SOVIET UNION yesterday signed an agreement to negotiate a joint venture with Italy for the overhaul and intomation of its huge but ontclated railwsy signalling sys-tem. The system has been of recent accidents in which many people have died. The agreement is between

the Soviet Rail Ministry and two subsidiaries of the Italian state-owned Finmeccanica group - Ansaldo and Fata - heavily involved in signalling equipment and antoma-

venture by November to trans-fer Italian and US technology for the manufacture and installation of signalling systems and station automation equip-ment, both in the Soviet Union and for sale in other countries.

If successful, the deal could open up a huge potential mar-ket for Ansaldo Trasportl. Wahco Westingbouse and Union Switch and Signal, the three railway signalling com-panies in the Finmeccanica-An-

WORLD WEATHER

It still faces two major potential obstacles, however, in the Cocom regulations restricting the transfer of Western tech-nology to the Soviet Union, and in the lack of an obvious source of foreign currency income to finance the Italian

dents have been blamed on sig-nals failures or related human errors, including a crash on the main Moscow-Leningrad line last August and a goods train crash which caused a massive explosion in Sver-

Most of the Soviet electro-mechanical signalling equip-ment is based on 1930s and 1950s US-type technology. Mr Romano Prodi, president of IRI, the Italian state holding company, and Mr Fahlano Fabiani, chief executive of Fin-meccanica, ware in Moscow vesterday for the signing of the

Most of the Soviet electro-

yesterday for the signing of the agreement to conduct exclu-If the joint venture is finali-sed, it will be the second major deal hy Italian state industry,

in the shape of Ansaldo, in key

sectors of the Soviet economy.

and Fata, part-owned by Fin-meccanica, set up a joint ven-ture to overhaul and re-equip Soviet power stations, using gas and steam turbines from Asea Brown Boveri, one of the world's higgest electrical con-Alan Friedman writes from Milan: Fineurop, a Milan trade finance company that is 90 per cent-owned by S.G. War-hurg Soditic (Jersey), said it

had agreed to form a new joint trade venture in Italy with a group of Soviet banks. The company will be called Sovietica (Cofisov) and It will be 30 per cent-owned by Fineu-rop, 30 per cent hy Banque Commerciale pour l'Enrope du Nord, a Paris-based and Soviet-owned bank, 30 per cent by Donau Bank, a Vienna-base

Granat Versicherungs of Vienna, a Soviet-controlled Cofisov will seek to generate Italo-Soviet hllateral trade deals and to provide full finan-

Soviet bank, and 10 per cent by

Continued from Page 1

Barclays Bank, Prudential Corporation, Pilkington, RTZ and Lonrho, found majority sup-port for tackling such issues as environmental protection, health and safety at work and professional qualifications on an EC basis. The industrialists accept European Commission inter-

vention in company takeovers

- 39 per cent feeling that the
final decision should be taken

jointly by the Commission and the Monopolies and Mergers

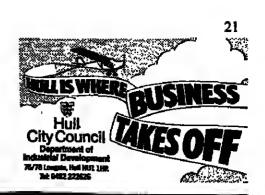
UK poll backs full EMS role

readiness to accept new mem-bers into the EC "club." Four out of five would welcome Norway, Sweden, Austria, Finland and Switzerland as new members. One in five would support the entry of Yugoslavia and

The poli also revealed a



FINANCIAL TIMES COMPANIES & MARKETS



INSIDE

Alcatel answers the critics

When Alcatel of France linked with the Eurowhen Alcase of France inner will the curo-pean telecommunications business of ITT of the US, to form the continent's biggest tele-communications group, there was undisgulsed scepticism. Two-and-s-half years on, Philippe Gluntz, chief operating officer, claims that, while there is atill a way to go, the group has made a number of significant achievements and is earning more money than many people expected. Terry Dodsworth reports. Page 25

On the scrap heap



4.1

One day scrap yards will be a thing of the past, and Europeans will Insist that cars are made from materials that can be recycled or disposed of without harming the environment - creating greater demand for aluminium. That at least is the dream of Mr Theodor Tschopp, chairman

of the European Alumin-lum Association, which claims that the metal it makes is environmentally friendly. Kenneth Gooding reports on the efforts to promote alu-minium recycling in Europe. Page 32

Spain shines in the sun.

Despite the heatwave enjoyed by much of con-tinental Europe last month, the pace of equity trading on most bourses falled to warm up uotil the very last moment. Only Spain, which for the second month running showed the big-gest rise in volume among the bourses covered, shook off the lethargy resulting from the strong dollar and anxiety about inflation and monetary tightening. Page 44

New house for the



for the Cabbage Patch dolla, yesterday agreed to sell most of its assets to Hasbro Industries, the world's largest toy company, for \$85m. The sale will transform Coleco, which only four years ago was considered one of the hottest growth

Decision time at MBS

number of possible objections, John Ridding reports. Page 39

Market Statistics

Base lending rates Benchmark Govt bonds European options exch FT-A indices FT-A world indices FT int band service Engagning futures Financial futures

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Minorco Mitsui Real Estate Next Nobel Industries Oji Paper Exxon Ford Seliar Morris Scapa Group Siemens Terns (John) Group Treatt Hasbro Henninger Hellar Hilton Hotels 24 Trizec 22 Unicorp Cara-24 United Drug 24 VSEL Consortium

Chief price changes yesterday 188.5 + 3 Cato Mari. 5 589 + 8.5 Speaks 13 580 + 19 U.I.F. 6 670.5 - 7.5 Sport 18 244.7 - 3.5 Prostel 250.3 - 29 TORYO (Year) 664 + 16 1390 + 88 600 + 22 1920 Anextel
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Friday June 16 1989 Siemens and Matsushita in joint venture

By Helg Simonian in Munich

electronics and electrical engineering group, and Matsushita Electric, the Japanese consumer electronics conglomerate, are to pool some of their resources in such passive components as resistors and valves.

"The move confirms the trend towards systematic co-operation and greater rationalisation in the international electronics indus-

try.

The two companies are setting up a joint venture, Siemens-Matsushita Components, to manufacture and market a broad range of passive components. The new company will incorporate all five of Siemens's present passive com-ponent manufacturing facilities in four European countries and give Matsushita a bridgehead in the European components mar-

The joint venture, which will have around 5,000 employees, will be capitalised at between DM100m (\$49.5m) and DM150m

RACAL

and start with sales of DM700m to DM800m, according to Mr Klans Ziegler, a general manager of Siemens. However, turnover should rise to DM900m to DM1bm within a couple of years, he said. Siemens will initially own 74.9 per cent of the joint venture, which will involve its passive components division and Matsushita Electronic Components (Maco), the Japanese group's (Maco), the Japanese group's components division, which was

spin off into a separate stated-iary in 1976.
Sales of Siemens's passive com-ponents amounted to about DM700m in its last business year, with some 80 per cent of output being sold in Europa. By con-trast, about 90 per cent of Maco's total sales of \$3.4bn were in Asia, with about half going to its par-ent company.

spun off into a separate subsid-

ent company.

Matsushita'e stake in the joint venture, which plans to start operations in October subject to regulatory approval, will rise to 50 per cent in the next two years.

and start with sales of DM700m However, Siemens will retain a majority of the votes and the right in name the chief executive, said Mr Karlheinz Kaske, Siemens's chief executive.

While limited at the outset, Matsushita's direct involvement in the venture will gradually grow as the new company starts to manufacture Japanese-designed components in Europe and introduces Matsushita's highly-regarded automated production processes in its European

While the agreement falls short of the wider link between Sie-mens and Matsushita that has been recently rumoured and advocated, for Siemens in particular, in parts of the German press, it carries strong incentives for both sides.

Passive components span a huge range of items, which depend on high-technology man-nfacturing and hig comomies of scale to achieve maximum price

communications division. Racal, the roots of which lie in manufac-

turing electronic equipment for the military market, is now attempting to become largely a service company in the mould of

In the words of Sir Ernest Har-rison, Racal's chairman, this week: "Our strategy is to move

away from products which are in competitive markets and go into systems and networks — that is

where the money is."

According to the company, the critical starting date in this refocusing process was back in 1981.

Racal at that time was highly

dependent for its profits on the OPEC oil-producing countries, which in the previous decade had

gobbled up its military communi-cations equipment. This market, the directors decided, could not last indefinitely, so Racal began to look around for alternatives.

One of these growth businesses, data communications, was already present in the group following the acquisition of the

US Milgo company in 1977; the opportunity to go after one of the two UK cellular mobile licences

later the company bid for the

Chubb group to add a security division as well.

hese three businesses are now regarded as the mainline operations within the group. Any of the other activities "could be sold if we got the right

offer" as Racal puts it, although some, such as the Racal-Redac

software engineering division, are still being expanded.

Teaming up with Matsushita will allow Stemens to improve capacity utilisation at its European plants, while giving it access to Matsushita's compoment manufacturing technology.

"We have never concealed our view that alliances are one possi-

view that alliances are one possible way of increasing volume and sharing the burdens of R&D and investment," said Mr Kaske.

Moreover, with consumer electronics groups currently absorbing some 40 per cent of world passive component sales, which amounted to DM27bn last year, linking up with Maco offers the new joint venture the prospect of substantial sales to Matsushita itself in future.

"We aren't just working with a producer of passive components, we're also working with one of its biggest buyers," noted Mr Kaske.

As with many other recent Jap-anese ventures in Europe, the appeal for Matsushita lies princi-pally in the establishment of a

nent manufacturing, especially in view of the growing Japanese concern about potentially higher **European** barriers to Japanese

exports.
Supplying locally-made components to Matsushita's existing European assembly plants could also help to overcome possible future tougher European local content rules.

The Japanese group has already shifted three of its regional headquarters to Europe, North America and Asia, and the latest collaboration with Slemens latest collaboration with Siemens marks its 27th joint venture, according to Mr Akio Tanii, Matsushita's president. Moreover, while Matsushita has tended to concentrate on passive components for for consumer electronic goods, it may also be attracted by the spread in Siemens's passive components activites, which cover a wide spectrum beyond consumer electronics to include consumer electronics to include industrial applications.



Karlheinz Kaske: "alliances are one possible way of increasing volume and sharing burdens of R&D and investment"

Tapping the Vodafone line Terry Dodsworth on Racal's switch from manufacturing to services A mid the hyperbole which currently surrounds anything to do with mobile telecommunications, it is hard to remember that just a year ago Racal Electronics was one of the City's favourite takeover stocks. Today, standing on a price-earnings ratio of around 30, and capitalised at £3.5bn (\$5.3bn), Racal looks as safe as it is possible to get in a sector riddled with acquisition are substantial.

sition speculation.

to the sector.

Racal has achieved this envi-

able state through the flotation of

20 per cent of its Vodafone car

telephone network operating

company last October, Racal Telecom's shares have careered into the stratosphere from a

annch price of 170p to 502p last

night.
At this level, the telecommuni

cations company has a market valuation of just over 250m, and a Japanese type p/e of around 80 a premium of about 500 per cent

The parent group has been pulled along to its present position in the wake of the Racal Telecom

share price. Nevertheless, the City is potting a higher value on

still owns in the telephone com-

pany than the group as a whole. This paradox partly arises from

the extraordinary degree of

excitement that is now evident around the world in mobile tele-

phone systems; but it also reflects scepticism over the rest of Racal's activities at a time

when it is going through a radi-cal change of strategy.

The main thrust of this shift of

Cabbage Patch dolls Coleco, the bankrupt US toy maker best known

into a shell company whose only important asset will be \$100m worth of tax-loss carry forwards. Page 24

Shareholders meet today to decide the fate of MBS, once the UK's largest personal computer distributor, but now stricken, having plunged £20m (\$30m) into the red last year. On the face board is proposing the disposal of the core product sales division, responsible for the bulk of last year's speciacular losses, for a premium of £9m over assets. But the plan raises a

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25 Investment Co. 31 Isoscales Group 25 JS Pathology 28 Johnson Matthey 30 Local London Group London International London Scottish Bank London United Invis Lowe Howard-Spink Lowe Marschalk Marks and Spencer Mataushita Electric 39 Micron Technology 29 Midland & Scottish Russell Reinsurance Sainsbury Sarich Technologies Siemens Staveley Industries

> Japanese swallow Thermos to serve home picnic fans By Gordon Cramb THERMOS, the 82-year-old US vacuum flask brand which is synonymous with summer picnics, has been sold to the Japanese for

> > Nippon Sanso, a producer of industrial gases, said yesterday that it had agreed to buy Ther-mos from Household International, an Illinois consumer finance company which is shed-ding its manufacturing interests. The deal reflects not only Japan's thirst for US acquisitions but also the countries' shared love of outdoor eating. Nippon Sanso makes stainless steel vac-uum containers, in which it has a 40 per cent share of a growing

Thermos, which Household has owned for more than 20 years, had 1988 sales of \$194m. In addition to its glass or steel-lined flasks it makes lunch boxes and between 120p and 160p.

Yesterday's prospectus forecast profits for the half-year to the end of this month at £195m, compared with £203m in the same

The scene gained a Buster Kes-ton-like quality when Sir Camp-

However, the society's lending activities have been hit by the sharply deteriorating UK housing market and this was reflected in

Abbey's 5.8m qualifying severs and borrowers will receive free 100 shares — 200 if they both save and borrow with Abbey -and over the next few days they will receive application forms to buy a minimum of a further 100 shares from the 750m on offer.

No shares are being offered to non-members, and Abbey has incorporated a number of features to encourage maximum take-up from members, including personalised application forms.

About half of the \$990m net proceeds of the offer will be applied to enable Abbey to meet the capital requirements of its new regulator, the Bank of England Upgrading distribution network technology will absorb much of the rest

Lex, Page 20

RANCO HISPANO Americano

man bank. Commerzbank airendy owns 10

Nippon Sanso said that the purchase would position it well for the European market, which Thermos supplies from a UK base in Brentwood, Essex. Two years ago the Tokyo com-pany began expanding in food processing and consumer prod-nots – aiming to apply the tech-nologies developed in its gases operation. Such activities now account for nearly a third of total

Hispano mulls 5% stake in Commerzbank

one of Spein's seven hig commer-cial banks, is negotiating to buy a 5 per cent stake in Commerz-bank, the third largest West Ger-

per cent of Banco Hispano. The Spanish bank's move mirrors the strategy of Banco Santander, which bought 10 per cent of Royal Bank of Scotland last year in the boldest move made abroad by a Spanish bank.

Both Spanish banks want to extend their reach beyond Spain before the creation of a single

European market in 1992 with-out having to establish their own banks in foreign retail markets. Commerchank bought its stake in Hispano in 1983, just before the Spanish bank ran into prob-lems because of its purchase in the early 1980s of Hanco Urquijo. Details, Page 22 Details, Page 22

says he would prefer a joint ven-ture and collaborative tendering rather than a sale, but he has not income, while about 50 to 60 per cent of today's contracts are in software and systems. But Racal-Milgo originally started as a hardware manufacturer and it is ruled out a straight divestment. Overall, manufacturing jobs have probably declined to less than 50 per cent of the total payroll of 36,000, from about 80 per cent at the start of the 1980s.

One of the problems with Racal's strategy is that it is inevitably taking a relatively long time to work through. The move into mobile telecommunications was, in hindsight, a masterstroke, because it allowed the group to make an entirely new start in an area which did not involve restructuring of any

involve restructuring of any existing assets.

But in the rest of the business, the shift into a service orientation has meant closures, sales, acquisitions and changes in the workforce of the type that soak up management time.

Racal recognised this strain on resources last year at the time of the Vodafone share flotation. Arguing against pressure to force it to float off the group into a separate entity, Sir Ernest said that he wanted to raise cash from the telecommunications business ernment.
Data networking involves the to he net to plough into the other activities. These had been starved of attention, he said, during the

build-up period at Vodafone.

The difficulties were evident last year in the data communications division, where operating profits fell to £26.8m from £35.1m, despite an 11 per cent jump in turnover to £268m.

This business has already

shifted heavily towards a service and software content - Racal says that 20 per cent of its revestill trying to achieve a balance between this activity and soft-

acal believes that it needs Recal believes that it needs to make some specialised equipment in this business to give it an edge in the market, just as in the security division it depends on selling hardware products to secure its maintenance contracts. But in the longer-term its his ambitions. the longer-term, its big ambitions in the data communications field now centre on its data network division, which last year won a big contract with the British Gov-

establishment, and sometimes the ruming of private telephone systems for big clients. As the telecommunications industry is increasingly liberalised this market could be one of the big growth industries of the 1990s. Shareholders, however, will have to be retired. Parel is force. casting its total turnover from networking at Elbn over the next 10 years, with half coming from the Government network, and half from private clients. The Government network

alone will require £50m of investment, and it will take five years to break into profit. This is no longer than Racal took to develop the Vodafone business; but it goes to show the price of making the move into

the service sector.

BSN buys Greek brewer

By George Graham in Paris

BSN, the French foods group which last week embarked on a \$2.5bn acquisition of five bla-cuits and snacks companies from RJR Nabisco, has hit the take-over trail again with the pur-chase of Henninger Hellas, Greece's second largest brewer. No price was disclosed for the acquisition. The French group, which is Europe's second largest brewer with its Kronenbourg lager brand, has over the past few years been expanding its European network through a series of alliances with other

hewers.
Henninger Hellas has 30.5 per cent of the fast-growing Greek beer market, which has expanded by 35 per cent over the last

series of alliances with other

ded by 35 per cent over the last five years.

It brews 1.1bn hectolitres a year and has sales totalling around Dr8.7bn (\$51m) a year.

In Belgium, BSN merged its subsidiary Alken-Kronenbourg with the Belgian brewer Maes, and now has 50 per cent of Alken-Maes which, with a market share of 18 per cent, ranks second in the country behind Stella Artois.

In Haly, the company transferred its subsidiary Withrer to Peroni, the market leader. In exchange it received a 20 per cent stake in Peroni, which now accounts for 35 per cent of the

Italian market.

In Spain, meanwhile, BSN has one third of Mahou, the number four in the market, and it has franchising agreements for Kronenbourg in the UK with Courage and Harn. age and Harp.

direction is clearly seen in the development of the mobile tele-Abbey sets share price at 130p

Sir Ernest Harrison: aims to move Racal into markets

ABBEY NATIONAL yesterday amnounced a 130p per share price tag for its £1.7bn (£2.55bn) stock market flotation, which will mark the final stage in its long process of conversion from Britain's second biggest building society to a public company. The price, which will raise £975m of new money, and £890m after expenses, was seen as attractive in the City yesterday and analysts suggested the shares could rise to between 145p

and 160p when stock market dealings commence next month.

The historic price/earnings ratio is 5.3 and the notional gross dividend yield is 7.9 per cent, assuming the new shares had been in issue throughout 1988. Analysts said the shares compared favourably with prices of shares in the British clearing banks, the Scottish banks and TSB, the banking group seen as most similar to Abbey.

the setting of the share price towards the bottom end of the earlier indicated range of

period of 1988 and a range of £185m to £210m predicted earlier

the house down as, to mark the launch of the prospecius, a model house set up on the lawn of the Honourable Artillary Company in the City of London exploded to reveal the share price and last application date inscribed on its

Yesterday morning's announcement literally brought

coolers and recently launched a

Ironically, the company suf-

fered last year because of what a Household official described as "a

terribly hot summer," which kept

Americans in the air-conditioned

indoors. But Thermos remained

profitable, and attracted over 400 enquiries when Household said

in January that it would focus on

sales, which approach \$1bn.

its loans business.

gas-fuelled barbecus line.



alimark of Japan's economy too. Dynamic growth, far outstripping the performance of other major econd continues to make Japan an excellent Investment prospect.
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INTERNATIONAL COMPANIES AND FINANCE

Hispano eyes Commerzbank stake

By Peter Bruce in Madrid

BANCO HISPANO Americano. one of Spain's seven big commercial banks, is negotiating to buy a 5 per cent stake in Commerzbank, the third largest West German bank, Hispano officials confirmed yester-

The representatives said that it was too early to say when, or if, the purchase would go through, or how much the stake would cost. Commerzbank already owns

10 per cent of Banco Hispano, and the two banks, along with Crédit Lyonnais and Banco di Roma, are members of Euro-partners, a loose banking con-

Hispano's move mirrors

By Nick Garnett in London

BRITISH STEEL, which was

privatised at the end of last year, raised pre-tax profits by 42 per cent from £419m to £593m (\$901m) in the year

ended April 1. on turnover up by almost a lifth at £4.91bn.

from £424m to £656m and earn-

ings per share from 20.5p to 28.0p.
The figures were in line with

City expectations but analysts

were surprised at exceptional

charges of £140m (last year

these were £36m) which related mainly to redundancy and

Sir Robert Scholey, chair-

Trading profit increased

which bought 10 per cent of dend for 1984 but has since Royal Bank of Scotland during last year in the boldest move ever made abroad by a Spanish

In return, Royal Bank of Scotland took 5 per cent of Banco Santander. Both Spanish banks want to extend their reach beyond Spain before 1992 without having to establish their own banks in foreign

retail markets.
Commerzhank bought its stake in Hispano in 1983, just before the Spanish bank ran into problems because of its purchase in the early 1980s of Banco Urquijo, which it had rescued when Urquijo was near

Hispano failed to pay a divi-

was concerned at the possible effects of interest rate rises and

were stable, the European steel

industry was expecting a downturn in demand, possibly

in the first quarter of naxt

Demand now was probably about 10 per cent higher than

would be expected from nor-

mal demand patterns.
Improvements cama from

increased sales, up 7 per cent, an average increase in prices

of 10 per cent and productivity

improvements. Higher prices contributed £125m to pre-tax

profits, while increased sales

inflation on UK customers. He also warned that, though demand and price margins

British Steel surges by 42% to £593m

recovered, reporting net profits of Pta9.5bn in 1986 and Pta27.9bn (\$215m) last year, when it also sold off Banco Urquijo to the March Group for

Mr Claudio Boada, Hispano's chairman, and Mr Walter Slepp, Commerzbank's chief executive, are likely to continue their talks this weekend during a meeting of the Euro-partner banks scheduled to take place in Monte Carlo, Monaco. Mr Boada has been particu-

larly keen to reach an agree-ment with Commerzbank as the other two Enropartner members are controlled by

volume and a better mix of

products contributed £110m. Efficiancy improvements

included a reduction in hours worked per tonne from 5 to 4.7

and an increase in the percentage of steel produced by the continuous casting method to 85 per cent. Capital expenditure amounted to £307m, an

increase of 254m.

The company had a net cash position of £342m at the end of

the financial year. Sir Robert said that British Steel was

looking for joint ventures with

other steel companies in

Europe and possibly in North

America, but no firm discus-

sions were taking place.

His Idea is that Hispano and Commerzbank would represent each other in Spain and West Germany and that this would make it nnnecessary for another large European bank to enter the Spanish retail mar-

Unlika Santander, which, before its link-up with Royal Bank of Scotland, had bought small retail networks in West Germany, Belgium and Italy, Mr Boada is dead set against Hispano trying to do retail banking on its own outside

• Wednesday's news story on Torras Hostench wrongly stated that the company's shares are listed in London and

an interest in acquiring part of the Klöckner operation in West Germany hot there has been

no interest from the other side. British Steel also wants to

extend its downstream activi-

ties. It has done so in construc-tion and coated steels, but ana-

lysts believe that the company might move into higher val-ne-added products, such as hasic components for the

Overseas shareholders now hold about 30 per cent of the

equity. Directors are recom-mending a single final divi-

dend of 5p net per share, pay-

able in Angust. This is considered equivalent to 7.5p

motor industry.

BSN gulps down Greek brewing group

By George Graham

BSN, the French foods group which last week embarked on the \$2.5bn acquisition of five hiscuit companies from RJR Nabisco, has hit the takeover trail again with the purchase of Henninger Helias, Greece's second largest brewer. No price was disclosed for the acquisition. The French

group, which is Europe's second largest brewer with its Kronenbourg lager brand, has ovar the past few years been expanding its European net-work through a series of alli-ances with other brewers.

Henninger Hellas has 30.5 per cent of the fast-growing Greek beer market, which has expanded by 35 per cent over the last five years. It brews 1.1bn hectolitres a year in its three plants in Thessalonika, in northern Greece, Atalanti, in the centre, and Heraklion, in Crete, with sales of around

Dr8.7bn (\$50.3m) a year.

In Belgium, BSN merged its subsidiary Alken-Kronenbourg with the Belgian brewer Maes, and now has 50 per cent of Aiken-Maes, which ranks second in the country behind

ond in the country behind Stella Artois with a market share of 18 per cent. In Italy, the company trans-ferred its subsidiary Wührer to Peroni, the market leader. In exchange it received a 20 per cent stake in Peroni, which now accounts for 35 per cent of the Italian market. has one third of Mahou, the number four in the market, and it has franchising agreements for Kronenbourg in the UK with Courage and Harp.

Springer holds 1988 dividend

AXEL SPRINGER Verlag.

AXEL SPRINGER Verlag, West Germany-s largest publishing company, is to keep its dividend unchanged at DM12 for 1988, reports AP-DJ.

The company said a total of DM40.8m will be paid out to shareholders. Springer's group net earnings for 1987 rose 2 per cent to DM96.4m (DM94.5m). Turnover rose 4.5 per cent to DM2.78bn from DM2.66bn.

Lower margins set to chop Framatome profit by 31%

By George Graham in Paris

FRAMATOME, the French nuclear plant builder which has diversified into electrical connections equipment with the acquisition of Burndy in the US and Souriau in France, is forecasting a sharp drop in

earnings this year.
Group net profits are expected to fall by 31 per cent to
FF732m (\$106m) this year, despite an 80 per cent increase in turnover to FFr19.69bn. Mr Jacques Fettu, finance director, said the decline in profitability was due to the company receiving payment later this year for Superphenix, the prototype fast breeder reac-tor, on which it will barely

Superphenix will account for Superphenix will account for FFr8.44hn of turnover this year, while billings on conventional pressurised water reactors, where profit margins are considerably higher, will drop to FFr5.09bn from FFr8.7bn in

break even.

The newly-acquired electrical connections subsidiaries, which are expected to generate sales of FFr3.66bn this year, also have much lower profit margins than Framatome'a traditional nuclear husiness, though Mr Fettu said thay were in the black. Framatome has seen its

order book dwindle as the french nuclear programme nears completion and foreign nuclear plant orders are largely frozen in the face of public opposition, hut Mr Jean-Claude Leny, the group's chairman, said that it would continue to work on research continue to work on research and development in order to be ready for a revival in the

uclear market. "I think we will see a recovery for nuclear power, though not immediately - certainly not less than five years, and probably closer to ten than to five," he said yesterday.

In the meantime, Framatome

is collaborating on new nuclear plant orders with its West German competitor, Siemens, and is making slower progress on an alliance with Babcock & Wilcox, a subsidiary of McDermott of the US.

Also, it is seeking to develop the engineering activities it inherited from the now-defunct Creusot-Loire group. Mr Leny said he was working on a merger between Framatoma's heavy engineering activities and those of Neyrpic, a Greno-ble-based hydraulics and turbines company.

As for the newly-acquired alectrical connections activi-ties, Mr Leny said Burndy was ing good shape, except for its US alectronics division, which required restructuring to cope with the excessive dispersion of its manufacturing aites. Souriau, whose acquisition is due to be completed by the end of the month, was heavily indebted and would require an injection of capital, Mr Leny

The injection is not expected to pose any financing diffi-culty, aince framatome expects to have FFr7.86bn of net cash at the end of 1989, with only FFr2.03bn of long

Nobel dips in first four months

NOBEL INDUSTRIER, the Swedish industrial conglomer-ate with interests in armaments and chemicals, yester-day reported that profits after financial items fell to SKr205m (\$30m) in the first four months of 1989 from SKr258m in the The fall came despite a 16 per cent increase in sales from SKr6.66bn to SKr7.71hn.

The best performances were in the biotechnology division with a positive improvement in both sales and profits; the pulp where there was a 50 per cent jump in after tax profits and a

pimp in anertax promis and a 25 per cent increase in sales, and in ordnance.

The group said it was not possible to make any profit prediction for the whole year on the basis of the first four month's results because of the restructuring in the company.

Nobel also said it had agreed to self the Scandingvien and to sell the Scandinavian and European plant protection operations of its KenoGard off-shoot to Rhône-Poulenc, the

and paper chemicals area French state-controlled chemicals group. The nuits being sold have total annual sales of SKr180m, and the deal is in line with Nobel's consolidation of its main husinesses.

• MoDo, the Swedish forest

products group, reported profit after net financial items for the first four months of 1989 of SKr693m and sales of SKr6.37bn. The company did not provide comparative fig-ures because of its acquisition in April 1988 of Holmens Bruk and Iggestinds Bruk.

US bank to assess offers for Meridian

By Our Financial Staff

INSPECTORATE International, the Swiss inspections, testing and services group, has hired Wasserstein Perella, the US invastment bank, to help it evaluate offers for its Meridian International computer leasing

Meridian is Europe's largest

independent computer-leasing company, said Inspectorate. It has 30 offices, owns equipment worth more than \$3bn and expects turnover this year of more than \$600m. Wasserstein Perella will

examine offers that Inspectorate has received for Meridian, and its potential for joint ven-tures and mergers, inspector-ate said.

"Although it was not our plan originally to sell Meridian international, we have received offers that are worth a thorough review," said Mr Yves Paternot, chief executive.

man, said that the trading results were very good, but he Sweetened \$275m bid for Dunkin' Donuts

SEIKA CORPORATION
(Seika Sangyo Kabushiki Kaisha)

U.S.\$80,000,000

4% per cent. Guaranteed Bonds 1993

Warrants

to subscribe for shares of common stock of Seika Corporation.

The Bonds will be unconditionally and irrevocably guaranteed by

The Mitsubishi Bank, Limited

ISSUE PRICE 100 PER CENT.

By Our Financial Staff

rationalisation costs.

THE BATTLE for control of Dunkin' Donuts, the US doughnut outlet franchiser and oper-ator, beated up yesterday when DD Acquisition launched a sweetened \$275m tender offer for all the company's shares. DD, formed by Kingshridge Capital Group, a subsidiary of Unicorp Canada, the Toronto conglomerate, and Cara Operations, is offering \$43 for each of the Massachussetts company's shares.

Kingsbridge has already acquired a 12 per cent stake in which has about 6.4m shares

Daiwa Europe Limited

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NEW ISSUE

outstanding, has previously rejected a \$42 per share acqui-sition offer by Kingsbridge and has said that it was not inter-

ested in being acquired.

DD said the tender offer and withdrawal rights would expire on July 13 unless extended. The offer is conditional on receipt of enough shares to give DD 75 per cent of the vot-ing stock of Dunkin' on a fully diluted basis and on Dunkin' redeeming its defensive pre-ferred stock purchase rights or DD finding the rights inappli-

DD said the offer is also con-

ditional on it being satisfied that Delaware antitakeover law restrictions would not hin-der the offer and on tha arrangement of financing.

This announcement appears as a matter of record only.

DD says it has filed suit in Delaware against Dunkin' Donuts, its board and General Electric's General Electric Capital unit, challenging defensive actions by Dunkin', including the issue of shares to an employee stock ownership plan, the issue of cumulative convertible preferred stock to GE Capital and the implementation of a atock repurchase

The company said the suit alleges that the actions breached the fiduciary duties of the individual defendants to Dnnkin' sharebolders and seeks the prohibition of further stock sales to the ESOP, the voting of the shares issued to GE capital and further share

in a natural de Praise de California de Cali

Mitsubishi Finance International Limited

Yamaichi International (Europe) Limited

Tokai International Limited

Taiyo Kobe International Limited

Wako International (Europe) Limited

repurchases. It said the suit also asks that the defendants be required to redeem the defensive rights and rescind the issue of securities to the ESOP and GE Capi-tal. Cara Operations and its franchisees own family-style and fast-food restaurants.

NEW ISSUE This announcement appears as a matter of record only. June, 1989

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ALPS ELECTRIC CO., LTD.

U.S. \$200,000,000

4% per cent. Notes due 1993

with

Warrants

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Algemene Bank Nederland N.V.

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BNP Capital Markets Limited

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NOMURA

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15th June, 1989



AMADA SONOIKE CO., LTD. (formerly "Sonoike Mfg. Co., Ltd.")

> U.S.\$100,000,000 41/8 per cent. Guaranteed Bonds due 1993

> > Warrants

to subscribe for shares of common stock of Amada Sonoike Co., Ltd.

The Bonds will be unconditionally and irrevocably guaranteed by The Dai-Ichi Kangyo Bank, Limited

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Nomura International

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Daiwa Europe Limited

NEW ISSUE

15th June, 1989



DAIWA HOUSE INDUSTRY CO., LTD.

(Daiwa House Kogyo Kabushiki Kaisha)

U.S.\$800,000,000

4 per cent. Bonds due 1993

Warrants

to subscribe for shares of common stock of Daiwa House Industry Co., Ltd.

Issue Price 100 per cent.

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Tokyo Securities Co. (Europe) Ltd.

Daiwa Europe Limited Yamaichi International (Europe) Limited **Tokai International Limited** S.G. Warburg Securities

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15th June, 1989

NEW ISSUE

15th June, 1989



MITSUKOSHI, LTD.

U.S.\$400,000,000 4 per cent. Bonds 1993

Warrants

to subscribe for shares of common stock of Mitsukoshi, Ltd.

ISSUE PRICE 100 PER CENT.

Nomura International

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NICHIREI CORPORATION

U.S.\$150,000,000 41/8 per cent. Bonds due 1993

Warrants

to subscribe for shares of common stock of Nichirei Corporation

Issue Price 100 per cent.

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Yasuda Trust Europe Limited

A member of The Securities Association and The International Stock Exchange of the United Kingdom and the Republic of Ireland

ERICSSON 3



Telefonaktiebolaget LM Ericsson (Incorporated with Limited Liability in Sweden)

Notice to the holders of the outstanding US\$60,000,000 67/s per cent. Convertible Subordinated Bonds due 2002 denominated in US Dollars

("the Bonds") convertible into B ordinery Shares of the Company

("B Shares") **CONVERSION RIGHT EXPIRES: 30th June, 1989** REDEMPTION DATE: 30th June, 1989

NOTICE OF REDEMPTION NOTICE IS HEREBY GIVEN to the holders of the outstanding Bonds that, in accordance with the Conditions endorsed on the Bonds ("the Conditions") and pursuant to the provisions of the Trust Conditions endorsed on the Bonds ("the Conditions") and pursuant to the provisions of the Trust Deed deted 26th June, 1987, ("the Trust Deed") between the Company of the one part and The Law Debenture Trust Corporation p.l.c. ("the Trustee") of the other part constituting the Bonds, the Company will on 30th June, 1989 redeem all of the Bonds then outstanding at 105.6 per cent, of the principal emount, together with the interest accruing from and including 15th Februsry, 1989 down to but excluding 30th June, 1989 smounting to US\$128.91 per Bond (that is to say an aggregate of US\$5,408.B1 for each US\$5,000 principal amount of Bonds).

This Notice is given in accordance with Conditions 4(a), 5(c) and 14 of the Bonds.

RIGHTS OF CONVERSION

Holders of Bonde are reminded that they may exercise the right to convert the principal amount of their Bond(s) into B Sharas not letar then 30th Juna, 1989.

Bonds may be converted into B Sheres at the Conversion Price of Skr326 per B Shere which

Bonds may be converted into B Sheres at the Conversion Price of Skr326 per B Shere which using the fixed exchange rate specified in the Conditions of Skr6.374 = US\$1 results In e conversion rate of 97.7607 B Sherse for each US\$5,000 principal emount of Bonds.

As provided in the Conditions, any holder of Bonds who wishes to exercise his right to convert must obtain a Convarsion Notice from the specified office of any Conversion Agent (set out on the reverse of the Bonds and at the foot of this Notice), complete and eigh the same in accordance with the instructione thereon and deliver it with his Bond(e), together with all unmetured Coupons, at the apacified office of any Conversion Agent at any time up to the close of business on 30th Juna, 1989. The Conversion Agent will require payment of en amount equal to the fece value of eny such Coupon not so delivered. A Bondholder delivering e Bond for conversion must pay all stemp, issue, registration or other similer texes and duties (if eny) erising on conversion in the country in which the Bond is deposited for conversion or payable in eny jurisdiction consequent upon the issue or delivery of Sharee to or to the order of a person other then

On 25th May, 1989 the Aversge Merket Price (as defined in the Conditions) of the B Sheres on the Stockholm Stock Exchange wee Skr 509.50 per B Share (which converted into US Dollars at the rate of exchange preveiling on that day, being US\$8.72, is equivalent to US\$75.82.) At such price, the holder of a Bond of US\$5,000 principal emount would receive upon conversion B Shares and cash for the fractional entitlement having an aggregate value of US\$7,412.06. Such value is, however, subject to variation with the market value of the B Sheres and the US\$ exchange rate. SO LONG AS THE MARKET VALUE OF B SHARES IS SK: 371.80 OR MORE AND ASSUMING NO CHANGE IN THE US DOLLAR EXCHANGE RATE, HOLDERS OF BONDS WILL UPON CONVERSION RECEIVE B SHARES AND IF APPLICABLE CASH IN LIEU OF ANY FRACTIONAL ENTITLEMENT HAVING IN AGGREGATE A GREATER MARKET VALUE THAN THE CASH WHICH THEY WOULD RECEIVE ON REDEMPTION OF THEIR BONDS. FAILURE TO DELIVER BONDS FOR CONVERSION ON OR BEFORE 30th JUNE, 1989 WILL AUTOMATICALLY RESULT IN REDEMPTION AT A PRICE (INCLUDING ACCRUED INTEREST) OF US\$5,408.B1 FOR EACH US\$5,000 PRINCIPAL AMOUNT OF

Value of the B Shares (including fractional entitlaments) Into which each US\$5,000 principal

Redemption price (together with accrued interest) for each US\$5,000 principal amount of If any holder of Bonds wishes to accept redemption at the redemption price (together with accrued

interest) he should surrender his Bond(a) together with all unmatured Coupons at the specified office of any Paying Agent (set out on the reverse of the Bonds end at the foot of the Notice) on or after 30th June, 1989. Within periods of 5 and 10 years respectively, the Coupons and the Bonda The attention of holders of the Bonds is drawn to the Conditions and in particular to

Conditions 4 and 5 which contain further details regerding redemption and conversion. Copies of the Trust Deed ere aveileble for inspection at the registered office of the Trustee et Estates House, 66 Gresham Street, London, EC2V 7HX end at the offices of the Paying Agents and Conversion. Agents specified below. The eggregate principal emount of the Bonds outstanding as at 25th May, 1989, the latest svailable data prior to the publication of this notice was US\$48,215,000. PRINCIPAL PAYING AGENT AND CONVERSION AGENT

Citibank, N.A., Citibank House, 336 Str London WC2R 1HB. PRINCIPAL CONVERSION AGENT

Svenska Handelabanken, Kungsträdgärdsgaten 2, S-103 28 Stockholm. **PAYING AGENTS AND CONVERSION AGENTS**

Chicorp investment Bank (or Bahnhofstrasse 63, ot Bank (Switz Avenue de Tervuren 249. CH-8021 Zurich.

Citibank, N.A. 111 Wall Street, New York, N.Y. 18043

brestment Bank (Luxembourg) S.A., 16 Avenue Marie-Thérèse, P.O. Box 1373 Luxembourg. TELEFONAKTIEBOLAGET LIM ERICSSON

16th June, 1989. By: Citibank, N.A. London, Principal Paying Agent and Conversion Agent

Neer Jame

CITIBANCO

15th Jane, 1969

INTERNATIONAL COMPANIES AND FINANCE

Hasbro buys Coleco assets for \$85m

By Anatole Kaletsky in New York

COLECO, the bankrupt US toy maker which only four years ago was considered one of the leading growth stocks on Wall Street, yesterday agreed to sell most of its assets to Hasbro Industries, the world's largest toy company.

The sale, for \$85m, will transform Coleco into a shell company whose only impor-tant asset will be \$100m worth of tax-loss carry-forwards.

Four years ago, at the height of a worldwide craze for Cabbage Patch dolls, Coleco's most successful but mercurial product, the company was capitalised at more than \$1bn on Wall Street and was making an annual profit of \$64m. Its shares, which are now worth-less, peaked at \$65 in a speculative rush on Wall Street that

Coleco used the profits from

its Cabbage Patch bonanza to promote other dolls and action figures, including an unsuc-cessful series based on Rambo, the bloodthirsty film character It also invested its sudden riches to acquire such highpriced brand names as Scrab-ble and Trivial Pursuit, the

board games. However, it bought the company which owned these, Sel-chow & Righter, just after the peak of Trivial Pursuit's success. A year after Coleco acquired the game, Trivial Pur-suit's worldwide sales had fallen to \$15m, from \$300m in

Coleco blundered further in overpaying for the US subsidiary of Tomy Kogyo, one of Japan's leading toy makers.

As a result of yesterday's deal with Hasbre, which has been cleared by creditors' com-mittees but which still requires internationally hest-selling

approval from the bankruptcy court, unsecured creditors with roughly \$420m worth of claims against Coleco should receive repayment of about 25 cents in the dollar.

However, Carlyle Capital Group, the main secured creditor, will make a substantial profit from the arrangement. Although it will receive only about \$75m in repayment of debts with a face value of \$90m, Carlyle bought these loans from Coleco's bankers just after the bankruptcy filing last July for ebont

COB urges groups to modify vote curb plans

By George Graham

THE COMMISSION des Operations de Bourse (COB), the French stock market regu-latory authority, has asked two French companies to mod-ify their plans to limit their shareholders' voting rights.

shareholders' voting rights.

The two companies, Compagnie Générale d'Electricité (CGE), the privatised telecommunications and engineering group, and Lafarge Coppée, the cement company, had not received any official notification yesterday, but COB officials confirmed they had sent letters asking for some changes to the proposals.

However, no objection has been made to the principal of limiting voting rights, which

limiting voting rights, which the COB says is allowed in French company law.

The two schemes are very different in character, but the

CGE proposals, in particular, have been criticised as an infringement of shareholders' rights. CGE wants to plece an

upper limit of 8 per cent on voting rights. Lafarge, on the other hand, plans no absolute limit, but wants to reduce vot-ing rights in line with atten-dance at its shareholders' meetings. At last year's assem-bly only 82 per cent of the shares were represented, mak-ing it theoretically possible for someone to take control of the company with only 16 per cent

company with only 16 per cent of its capital.

The changes sought by the COB would not block the limitations completely. In CGE's case, the regulatory anthorities insist the limit should be applied uniformly – the original scheme would not apply to provice exercised by the chairproxies exercised by the chair-man — and that it should not attempt to restrict shares held indirectly.

For Lafarge, too, the COB wants the pro rata reduction to apply uniformly; the com-pany had planned to apply it only to stakes above I per

The proposals, both of which are due to be put to shareholders' assemblies next week, have created considerable confusion over the Government's policy on corporate defences against takeover.

Milken to form own company

MR MICHAEL Milken, former head of junk bonds at Drexet Burnham Lambert, the US investment bank, is to form his own firm to give financial advice to individuals, commo nities and companies, Reuter reports from New York.

being charged by the US Government with a variety of securities violations.

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Mr Milken ssid his firm

Carrington joins board of Hollinger

By David Owen in Toronto MR CONRAD BLACK, chair-

man and chief executive of Hollinger, the Toronto-based newspaper company, has wel-comed three mora distin-guished figures to his company's inordinately star-studded board of directors. Lord Carrington, the former UK Cabinet minister and Nato secretary general, Mr Robert Campean, the mercurial purcampean, the mercurial pur-chaser of Bloomingdale's, and Mr Allan Gotlieb, the former Canedian ambassador to the US, duly took their places on a board which already reads like e Who's Who of prominent Canadian husiness families.

Fellow director Dr Henry Kissinger was among those on hand at the company's otherwise uneventful annual meeting, held in the bowels of a downtown Toronto office

In his chairman's remarks, Mr Black reiterated Hollinger's intent to increase further the UK Daily Telegraph's pre-tax profit margin over and above the 13 per cent of overall reve-nues attained last year. In 1988 the 82.3 per cent-

owned subsidiary earned profits, before tax and extraordinary items, of \$29.2m (US\$44m) on £210m in sales, Hollinger itself had earnings of C\$35.5m (US\$30m), including a C\$4.6m special charge, on revenue of C\$691.5m.

Regarding other publications, Mr Black projected that The Spectator would reach hreak-even within a year, given favourable economic conditions," but admitted that losses at Saturday Night were "somewhat greater than had been foreseen" in Hollinger's first year of ownership. Hs promised "appropriately

comprehensive measures" to ensure that unacceptably high losses at Le Droit, the Ottawa tabloid, did not continue into

Later. Mr Black confirmed that the price Hollinger recently paid for 75 per cent of the Jerusalem Post was about US\$17m. However, he indicated that certain property and print-ing assets could be liquidated effectively to reduce the price. He said that Hollinger would like to play "a benign non-con-trolling role" in United News-papers, in which the group recently bought a small stake.

Exxon ends ill-fated Zilog link

Exxon would no longer hold e EXXON, the US oil group, has sold Zilog, its Silicon Valley semiconductor manufacturing stake in the company and that the all-cash transaction was "substantial." Exxon is not subsidiary, ending s decade-long ill-fated attempt at diverbelieved to have recouped the beavy investments that it has made in Zilog over the past sification into computer and

chip technology.

Taking control of Zilog are the company's management group and e leading US venture capital fund managed by Warbnrg, Pincue Capital, which will be the majority

As an early leader in the market for microprocessors,

the chips used to power per-sonal computers, Zilog lost out to competition from Intel and Motorola, which now dominate Terms of the transaction were not revealed. Zilog managers said, however, that

instituted wide-ranging cut-

instituted wide-ranging cut-backs.

Mr Ed Sack, Zilog's presi-dent, said that since March 1986 the company had heen profitable and sales had grown at a rate of 20 per cent e year. Revenues were in the region of \$100m last year, he added. Celebrating their new-found independence. Zilog's manage-

independence, Zilog's manag-ers said they planned to focus on the market for application-specific integrated circuits for use in a broad range of con-sumer, data communications and computer products.

Micron slips despite sales gain

By Louise Kehoe

MICRON TECHNOLOGY, the US memory chip manufac-turer, has reported a strong increase in sales for the third quarter ending June 1.

However, profits were down slightly, reflecting the com-pany's heavy investment in expanded production capacity and the development of a new generation of four-megabit dynamic random access memory (Dram) chips.

Revenues for the quarter were \$119.2m, e 39 per cent increase over the \$85.6m posted in last year's period. Net income of \$28.8m was down from \$29.3m in the year earlier

period.
Earnings per share were 75 cents compared with 98 cents, diluted by the sale for \$75m of 3.5m newly issued shares to

Amstrad, the British nersonal computer manufacturer, in October 1988. For the first nine months of

fiscal 1989, revenues totalled \$343.4m. Net incoma was \$90.1m and earnings per share were \$2.37. These results compare with revenues of \$187.1m net income of \$54.7m and earn ings per share of \$1.88 for the first nine months of 1988.

Hilton Hotels draws up defensive lines

By Anatole Kaletsky

HILTON HOTELS, the big US gaming and hotel group which has recently been at the centre of Wall Street takeover speculation, has announced that it asked its investment bankers to evaluate all financial

This form of words is often used by US businesses which are considering a break-np. leveraged buy-out or recapital-isation. Hilton's shares were

up \$2% to \$97% in-heavy trading yesterday.
The company, whose shares

were selling for only \$40 last summer, began to draw take-over speculators' attention last autumn as a long-running dis-pute between the heirs of Mr Conrad Hilton, the gronp's founder, approached a settlement. The suits were finally resolved lest spring, giving Mr Baron Hilton, the founder's son, voting control, although

not ultimate ownership of 25 per cent of the company's One feature of the settlement

was that Mr Hilton was prevented from selling these shares for less than \$75 each.
While Hilton's shares stood at less than \$50 at the time the settlement was announced, they jumped to more than \$70 in May when Mr Hilton Indi-cated he would be prepared to consider friendly bids.

Brascan sheds Scott Paper warrants

By Robert Gibbens in Montreal

BRASCAN, the big bolding company of Messrs Peter and Edward Bronfman of Toronto, has sold the last of its interest in Scott Paper of the US to

The remaining interest, sold for US\$200m, was in the form of warrants received by Brascan in 1995 as part payment for a big block of Scott common shares repurchased by the US

company.

The warrants expire in 1992, allowing the holder to buy one Scott common share at US\$22.50 each.
Scott had earlier thwarted attempts by the Brommans to

acquire control. At one time Brascan owned more than 20 per cent of Scott.

Trizec, North America's largest publicly quoted real

15th June, 1989

estate developer, also owned by the Bronfmans, has reported earnings of C\$46.8m (US\$39.3m) or 28 cents a share in the first half ended April 30, up from C\$42.8m or 25 cents a

year earlier. Revenues were C\$538m against C\$547m. Trizec has more than C\$2m of new construction in prog-ress in North America.

Mr Milken has been on leave of absence from Drexel since

would be known as Interna-tional Capital Access Group, which would emphasise the creation of ownership opportu-nities for employees, minorities and unions.

U.S. \$300,000,000

4 per cent. Notes 1993

Warrants

to subscribe for shares of common stock of Olympus Optical Co., Ltd.

Issue Price 100 per cent

Yamaichi International (Europe) Limited

Credit Suisse First Boston Limited Nomura International

Salomon Brothers International Limited S.G. Warburg Securities

Banque Indosues

Deutsche Bank Capital Markets Limited

Sumitomo Finance International Algemene Bank Nederland N.V. Bank of Tokyo Capital Markets Group Baring Brothers & Co., Limited Barclays de Zoete Wedd Limited

James Capel & Co. Limited Goldman Sachs International Limited

Melko Europe Limited Morgan Grenfell & Co. Limited Morgan Stanley International

J. Henry Schroder Wagg & Co. Limited Société Générale Talheiyo Europe Limited

Shearson Lehman Hatton International Swiss Bank Corporation

Takugin Finance International Limited

Citicorp Investment Bank Limited

Tokai International Limited

These securities have been sold outside the United States of America and Japan. This anno appears as a matter of record only.

NEW ISSUE

DLYMPUS

U.S. \$300,000,000

4 per cent. Notes 1993

with

Warrants to subscribe for shares of common stock of Olympus Optical Co., Ltd.

Issue Price 100 per cent.

Nomura Singapore Limited

CS First Boston (Singapore) Limited Baring Brothers & Co., Limited DB Capital Markets (Asia) Ltd., Hong Kong S.G. Warburg Securities

Yamaichi International (H.K.) Limited

Sumitomo Finance (Asia) Limited Barciays de Zoete Wedd Limited

Daiwa Overseas Finance Limited Indosuez Asia (Singapore) Limited

Kuwait International Investment Co. 5.2.k Morgan Grenfell (Asia) Limited

Nichiel Securities (Asia) Limited Shearson Lehman Hutton International

Tokzi Asia Limited

ABN Capital Markets Far East Ltd. **BOT International (H.K.) Limited** The Development Bank of Singapore Ltd **Jardine Fleming Securities Limited** Mitsui Finance Asia Limited

Morgan Stanley Asia Limited

Oversen-Chinese Banking Corporation Limited Sogen Asia Limited

Wako International (Hong Kong) Limited e Securities (Europe) Limited

US. \$300,000,000



Crédit Lyonnais Floating Rate Notes Due 1996 Tranche of U.S. \$200,000,000

Interest Period

97/16% per annum 16th June 1989

18th December 1989 Interest Amount per U.S. \$10,000 Note dua 18th December 1989 U.S. \$484.98

Credit Suisse First Boston Limited Reference Agent

£135,000,000



Leeds Permanent Building Society

Interest Rate

£10,000.00 Note

Floating Rate Notes Due 1998 145/8% per annum

14th September 1989

14th June 1989

Interest Period Interest Amount due 14th September 1989 per

£368.63

Credit Suisse First Boston Limited Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Alcatel cocks a snook at its critics

Terry Dodsworth on the telecoms success that has surprised some

on would not expect Mr
Philippe Glüntz, chief
operating officer of
Alcatel, to have forgotten the
Gross sales (EC reaction to the launch of the company as Europe's biggest telecommunications group two and a half years ago. But what keeps the memory particularly alive to him is the undisguised scepticism that greeted the merger which formed the par-

38

ent group.

"We are not yet making as much money as we believe we should," says Mr Gluntz. "But we are doing much better than a lot of people were expecting, because of the cost of the merger and the restructuring." The main concerns about Alcatel's future at the time of the deal centred on its ability to weld two very different organisations while coping with their distinct product

The French company which became one half of the merged business had been one of the pioneers of electronic digital switching, with its E10 exchange; its partnar, the European telecommunications business of ITT of the US, was in the middle of a troubled launch of the more up to-date System 12 digital exchange. Alcatel, the critics said, would be stack with the cost of sup-porting a fragmented product range without the scope to make the operating economies which should flow from a

merger.

Mr Ghmtz concedes that the group has a long way to go yet. But be lists a handful of achievements which, in his view, have already justified the

 Work on the next generation of switching products, which will allow telephone lines with greater capacity to be used, is more advanced than seemed possible two years ago. These products will overlay the present switching network to pro-vide special services, so they will not replace either the E10 or System 12, but they will be

Gross sales (ECU million)

1987 total 11,409,3

organisation, but it didn't have

on the latest international Intelsat satellites give Alcatel a breakthrough into what has

been an exclusive US market, dominated by Hughes and Har-

and antennae, Alcatel has

o serve this business, which requires speci-alised semiconductors

common to the whole group and so available to be fixed to networks run by either of the inherited switches or else-

1988 total 11,379.1

where.

An active policy of disposals and acquisitions has given the group a more precise focus on telecommunications. Alcatel has sold the television division in barited from TIT to Notice of inherited from ITT to Nokia of Finland, and it has dropped out of personal computer manufacture. The group now has five divisions: public switching, accounting for about 25 per cent); office telephones and terminal equipment (25 per cent); transmission (14 per cent); and professional electronics (11 per cent).

Olt has consolidated its position in office products by link-ing the sales teams of the two founding companies and filling ont the product ranges by drawing on the resources of

Alcatel now claims to be the market leader in Europe in this market leader in Europe in this sector, with products such as office telephone exchanges, telexes, telephone handsets and facsimite machines. "What we are doing is bringing together the best from FTT and the old Alcatel in a common distribution network," says Mr Gluntz. "This is helping us particularly in southern Europe."

• In transmissions, the com-

telecommunications industry, with manufacturing outside Europe in the US, Mexico, Talwan and Australia.

 Productivity, measured in sales per employee, is increasing at about 5 per cent a year, and Gluntz says that this will continue to be the objective in the divisions. Alcatel has not embarked on savage closures, although there has been rationalisation of research and development and what Mr Gluntz calls "normal" reorganisation in the cables division, where technology has changed radi-

Nevertheless, the number of jobs has decreased in the ongoing activities from 135,000 at the time of the merger to an expected 120,000 by the end of this year. pany is close to achieving a single product range. At the same time, Alcatel claims to be increasing its market share.

this year. this year.

The company is ahead of its financial targets. These have been modest up to now — in its first full year, Alcatel aimed for a 2 per cent net profit return on sales and easily achieved it, while last year it rose to 3.8 per cent. But Mr Glontz argues that the interna-TIT had the position in the market and a distribution organisation, but it didn't have the products. Alcatel had the products but not the markets. By combining the two we have made big advances in Spain, Italy and Portugal, where ITT had been a strong player in telecommunications." Gluntz argues that the interna-tional industry does not The company has pushed into the fast-developing area of satellite transmission technology. Orders for the telecommunications devices to be carried achieve a particularly high rate of return, and says he is aiming for a consistent 5 per

cent. Meanwhile, Alcatel's balance sheet is in reasonable shape.
After deducting liquid resources, the debt-to-equity ratio stood at 54 per cent at the end of last year, down from 80 per cent in 1987. The group, which does its accounts in Ecus, had Ecul.3bn (\$1.27bn) of cash, sufficient to fund the acquisitions it needs to fill out its product line.

established a pan-European web of wholly-owned compa-Mr Gluntz says that the figures are sound enough for the company to approach Standard & Poor's and Moody's, the US nies and subcontractors. This meets the requirements for local content in these condebt rating agencies, to give it their seal of approval so that it • The group's international manufacturing activities are "This is important to us in receiving better interest rates from the banks," says Mr Gluntz. "We expect to be well-rated." being more closely integrated to help achieve scale efficien-cies. Alcatel has one of the widest global positions in the

CORPORACIÓN FINANCIERA ALBA, S.A. Grupo March

has merged

INVERSIONES BALBOA, S.A.

基 Schroders

J. Henry Schroder Wagg & Co. Limited

acted as advisor to Corporación Financiera Alba, S.A.

A.B. Asesores Bursátiles, S.A.

acted as advisor to Inversiones Balboa, S.A.

May 1989

James Hardie advances 19%

By Bruce Jacques in Sydney

JAMES HARDIE Industries, the Australian building prod-ucts group, has reported a 19 per cent increase in equity accounted net earnings for the year to March.

The group, in the middle of a restructuring programme, lifted profits to A\$83.6m (US\$62.1m) from A\$70.4m despite a 18 per cent fall in sales to A\$1.5bn from A\$1.7bn. been raised to 19 cents from 17 cents on capital increased by a one-for-eight bonus issue last year, an outlay of A\$52.7m against A\$45.4m.

Alumax wins

go-ahead for

By Robert Gibbens

in Montreal

X 15

Ouebec smelter

ALUMAX of San Mateo, California, has signed an agreement with the Quebec Government to go ahead with a C51hm (US\$834m) aluminium smelter near Quebec City. It will start production in 1992.

Capacity will be 215,000 tonnes a year. A low-cost

tounes a yaar. A low-cost energy contract has been signed with Hydro Quebec, on similar lines to recent deals with Reynolds Metals of the US.

A key reason for the earnings increase was a big reduc-tion, from A\$44.4m to A\$26.9m, in the company's interest bill following the flotation last year of Spicers Paper, a former

subsidiary. Hardie plans two more spinoffs, involving its brilding services operations and technology and building products division, while the parent company the US. Mr John Reid, the chairman, said the latest result was achieved despite the Spicers divestment and was the com-pany's fourth consecutive half-

By Alan Friedman in Milan

TAIYO KOBE Bank, a medium-

sized Japanese city bank, has agreed to acquire a 5 per cent equity stake in Credito Commerciale, an 87-branch Milanbased bank that is 70 per cent owned by Monte del Paschi di

Siena (MPS), one of Italy's big-gest banks.

The Siena-based MPS said the deal represents the first instance of a Japanese bank

acquiring a minority stake in an Italian bank.

MPS did not disclose any details of future collaboration

equity of Milan bank

yearly earnings rise. The result was struck before a A\$16.5m extraordinary loss, reflecting goodwill write-offs and tax

adjustments. However, this still represented an improvement on a near-disastrous A\$90.4m loss last year, which forced the company to pay a dividend out

The extraordinary items left A\$67.1m in profit compared with a A\$19.5m loss. Depreciation charges eased from A\$36.1m to A\$33.1m and tax

with the Japanese. The price being paid for tha minority stake was not available, but a 5

per cent shareholding in Cre-dito Commerciale would have a market value of around

L23bn (\$15.6m) on the Milan

at 1.25.3bn. The bank employs more than 2,000 people.

Credito Commerciale had

confidential. Taiyo Kobe to take 5%

Mitsui increases

MITSUI Real Estata Development lifted consoli-dated net earnings 30 per cent to Y35bn (\$234.2m) in the year

reports from Tokyo.

Tha company said that rental income led sales growth, increasing by 23 per cent to Y138.8bn. It said when total assets of L18,665bn at the end of last year. The bank's net capital amounted to L302bn and its 1968 net profit was unchanged

The two issues having been completed, this announcement appears as a matter of record only.



Crédit National

ISSUES of SHARES WITH WARRANTS and EQUITY NOTES

FRENCH OFFERING

• FF 655,857,600 of SHARES WITH WARRANTS at an issue price of FF 1200 per unit. • FF 447,928,800 of 6.75 % EQUITY NOTES due 1996 at an issue price of FF 1200.

BANQUE PARIBAS

BANQUE NATIONALE DE PARIS CREDIT LYONNAIS SOCIÉTÉ GÉNÉRALE CAISSE DES DÉPÔTS ET CONSIGNATIONS CRÉDIT INDUSTRIEL ET COMMERCIAL DE PARIS BANQUE GÉNÉRALE DU PHÉNEX BANQUE WORMS BANQUE DEMACHY ET ASSOCIÉS CAISSE NATIONALE DE CRÉDIT AGRICOLE BANQUE CSIA LAZARD FRÈRES ET CIE

INTERNATIONAL OFFERING

FF 240,000,000 of SHARES WITH WARRANTS at an issue price of FF 1200 per unit. BANQUE PARIBAS CAPITAL MARKETS GROUP

BAYERISCHE VEREINSBANK AG CREDIT SUISSE FIRST BOSTON LIMITED GOLDMAN SACHS INTERNATIONAL LIMITED J.P. MORGAN SECURITIES LTD. NOMURA INTERNATIONAL LIMITED N.M. ROTHSCHILD & SONS LIMITED

SALOMON BROTHERS INTERNATIONAL LIMITED LIBS PHILLIPS & DREW SECURITIES LIMITED S.G. WARBURG SECURITIES

SARICH TECHNOLOGIES of

clean engine

Australia says it has licensed General Motors to manufac-General Motors to manufac-ture, use and sell engines employing its orbital combus-tion process, Renter reports from Perib. Sarich, 35 per cent owned by Broken Hill Proprietary, said that the deal covered car.

GM gets licence for Australian

truck, motor cycle, aircraft, marine and industrial Financial details were kept

Sarich has already liceused the orbital process, which uses fewer moving parts and is cleaner burning than conven-tional internal combustion engines, to Ford and Outboard Marine and Brunswick.

rental income

to March on sales which rose 15 per cent to Y864.9bn, AP-DJ

cent to Y138.8bn. It said when it announced unconsolidated results that it has been trying to boost rental income by renewing long-standing contracts during the period.

Analysts say thet Mitsui Real Estate's rental income has not been as high as it could be because much of its rental space is in old buildings in central Tokyo with long-standing tenants, making it hard to raise rents in step with the market.

Oji Paper posts 52% profits rise OJI PAPER, one of Japan's largest papermakers, boosted

net earnings 52 per cent to Y26.9hm (\$180m) in the year to March, AP-DJ reports. Sales rose 8.5 per cent to Y601.1bn. Oji sees sales of Y638bn, and net income of Y28bn this year. The strong figures were partly due to good sales in general paper products and related items, which advanced to Y475.8hn from Y442.4hn. Japanese papermakers are enjoying strong demand under a buoyant economy.

MIDLAND INTERNATIONAL FINANCIAL SERVICES BY GUARANTEED FLOATING RATE NOTES DUE 1997 Interest Rate: 9.1896 Interest Pariod; June 15, 1969 to September 14, 1989 Corner no 10: FRF 100,000 FRF 2,340,69

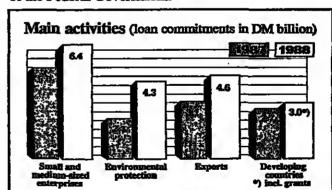
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ALSACIENNE DE BANQUE SUCCURSALE DE LUXEMBOURG

KfW 1988

Outstanding Performance Founded on 40 Years of Experience

KfW - established in 1948 to lend Marshall Plan funds for the reconstruction of the German economy today is an instrument serving public policy objectives of the Federal Government.



KfW's long-term loans and grants help create more jobs in Germany's small and medium-sized enterprises, support environmental protection and further the export industries. In its capacity as the Federal Republic's development bank, KfW channels Government assistance to developing countries.

Highlights of KfW's Balance Sheet (DM billion) 1987 96.8 105.5 Balance sheet total 96.7 88.2 Loans granted Banking liabilities 75.4 69.6 15.4 13.7 3.7 3.9 Capital and reserves Net income (DM million)

As a major source of funds KfW issues high quality bonds and notes. KfW's long-term debt has been rated "Triple A" by the leading international rating agencies.

A copy of KfW's 1988 Annual Report is available upon request.



P.O. Box 11 11 41 D-6000 Frankfurt/Main Federal Republic of Germany

NEW ISSUE



15th June, 1989

SAPPORO BREWERIES LIMITED

U.S.\$200,000,000

4¹/₈ per cent. Bonds due 1993

Warrants

to subscribe for shares of common stock of Sapporo Breweries Limited Issue Price 100 per cent.

Yamaichi International (Europe) Limited

Fuji International Finance Limited

The Nikko Securities Co., (Europe) Ltd. Yasuda Trust Europe Limited

DKB International Limited

Norinchukin International Limited Bank of Tokyo Capital Markets Group Daito Securities Co., Ltd. Kleinwort Benson Limited Manufacturers Hanover Limited Merrill Lynch International Limited Mistui Trust International Limited Morgan Stanley International Nippon Kangyo Kakumaru (Europe) Limited

Prudential-Bache Capital Funding Salomon Brothers International Limited Sanyo International Limited Shearson Lehman Hutton International Swiss Bank Corporation Takugin Finance International Limited

Nomura International Algemene Bank Nederland N.V. Credit Suisse First Boston Limited Goldman Sachs International Limited KOKUSAI Europe Limited Marusan Europe Limited Mitsui Finance International Limited J.P. Morgan Securities Asia Ltd. New Japan Securities Europe Limited Paribas Capital Markets Group Saitama Finance International Limited Sanwa International Limited J. Henry Schroder Wagg & Co. Limited Société Générale Taiheiyo Europe Limited Tokyo Securities Co. (Europe) Ltd.

Westdeutsche Landesbank Girozentrale

National Bank of Hungary

(Magyar Nemzeti Bank) Budapest

S.G. Warburg Securities

DM 200,000,000

8% Bearer Bonds of 1989/1997

Issue Price:

100%

DG BANK Deutsche Genossenschaftsbank

Bayerische Vereinsbank

Commerzbank

Deutsche Bank

Morgan Stanley GmbH

Westdeutsche Landesbank Girozentrale

Arab Banking Corporation ---Daus & Co. GmbH

Bank of Tokyo (Doutschland)

Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets GmbH

Bayerische Hypotheken-

Crédit Lyonnais SA & Co

Dalwa Europe (Deutschland) GmbH

und Wechsel-Bank

(Deutschland) oHG

Genossenschaftliche Zentralbank AG - vienna **Deutsche Girozentrale** Deutsche Kommunalbank - DSL Bank

Nomura Europe GmbH

Hessische Landesbank - Girozentrale --

Industriebank von Japan

Norddeutsche Landesbank Girozentrale

(Deutschland) Shearson Lehman Hutton A.G.

Société Générale -Elsässische Bank & Co. Südwestdeutsche Landesbank Girozentrale

Westfalenbank

FLASH LIMITED SERIES G U.S.\$30,000,000

Secured Floating Rate Notes Due 1993 In accordance with the condition of the notes, notice is hereby given that for the initial period 16th June 1989 to 18th September 1989 (94 days) the notes will carry an interest rate of 9.50938% p.a. Relevant interest payments will

Notes of U.S.\$100,000-00 US\$2483-00 per coupon. THE SANWA BANK LIMITED Agent Bank

INTERNATIONAL CONFERENCES & **EXHIBITIONS**

The Financial Times proposes to publish this survey on:

17 JULY 1989

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Number One Southwark Bridge London

SEI 9HL **FINANCIALTIMES**

£200,000,000 MFC Finance No.1 PLC Mortgage Backed Floating Rate Notes Due October 2023 In accordance with the Terms and Conditions of the Notes, notice is hereby given that the new interest rates and periods in respect of the subject Notes are as follows:-Rear's Payment Data 14,135 Series O Sh.A.me-13.July 14,035 Series E Sh.June-14.July 14,205 Series F 14th June-14.July By: Chibank, N.A. (CSSI Dept.) June 16, 1880 CITIBANCO

INTERNATIONAL CAPITAL MARKETS

Swedish bank to move trading units to London

By Robert Taylor in Stockholm

Banken, Sweden's leading com-mercial bank, is to move an mercial bank, is to move an important part of its present currency and financial activities to London. "We must be whore the market is and it won't be in Sweden so long as the turnover tax is still here," said Mr Jacob Palmstierna, chief executive vesterday.

chief executive, yesterday. The turnover tax, on bond trading came into force on Jan-uary 1 this year but most ana-lysts thought it would have been abolished with the deci-sion to lift foreign exchange controls from July 1.

However, so far the Ministry of Finance has given no indication of when it intends to

remove the tax and it now seems unlikely any move will be made before the autumn at

the earliest.

In the meantime, other Swedish banks are likely to follow SEB's example and move their international trading in Swedish bonds overseas, either to London or Luxembourg. Trygg-Hansa, the Swedish insurance company and a leading investor in the Swedish market, announced recently

Call to unify

Swiss bourses

SWITZERLAND needs to unify

SKANDINAVISKA Enskilda that it was establishing an

office in London to handle for-eign share trading.
Yesterday Mr Anders Heden-strom, the head of SEB's cur-rency and finance division, said: "Unless this tax is removed it really could mean the end of Stockholm as a financial centre."

Swedish analysts believe the turnover tax contradicts the government's strategy to dere-gulate and liberalise the financial markets. But the remova of the tax requires a political decision from Mr Kjell-Olof decision from Mr Ajerrater, Feldt, the Finance Minister, pressure who is under strong pressure from the powerful blue-collar trade union leadership to maintain high taxes on financial

"Unless the Government sees sense it will turn this country into a combination of banana republic and folklore museum," complained one leading broker yesterday. The financial community has been lobbying furiously behind the scenes over recent weeks to scenes over recent weeks to convince the central bank and the Ministry of Finance about the folly of maintaining a tax

that will discourage trading in Swedish bonds in Sweden and positively encourage an outflow of business abroad.

A variety of turnover taxes has been tried in Sweden since 1963, nearly all designed to pla-cate the trade unions. Partly as a result of this, the dealing volume on the Stockholm Stock nge in relation to overall capitalisation has dropped from 40 per cent in 1986 to around 12 per cent.

In the first quarter of this year trading in the six most active Swedish stocks was twice as big in London and New York as it was in Stockholm. On the money and bond markets, the average daily turnover currently totale around SKr6bn (\$886m) com-pared with SKr88bn two years

The recent abolition of controls opens up the Swedish bond market to international investors for the first time but the existence of the turnover tax means that it will be more lucrative for the business in Swedish bonds to be carried on outside the country.

Chase and Gemina unveil

its hourses and require compa-nies to disclose more financial details if it hopes to remain attractive for investors, Mr Marcus Lusser, Swiss National Bank president, said yesterday, which will make investments

Renters reports.

"We need a unified Swiss securities exchange," he told the University of Cologne's Institute for Banking and Bank Law. "Instead we still have not only seven bourses, but also seven different supervisory bodies responsible for them.

The Swiss financial centre
can only remain attractive to

foreign, private and institu-tional investors if Swiss issuer come more into line with their foreign competitors," he said. fund for LBO investment CHASE Manhattan, the US bank, and Gemina, the Italian financial company, yesterday announced a capital fund

in leveraged buy-outs and take minority development capital positions in companies doing business in Italy.
The fund, expected to total \$50m to \$100m, will concentrate on private, profitable, puld-sized companies and will not participate in hostile take-overs or in public companies.

The project will be under written by non-Italian institu-tional investors that are to take average participations of

between \$5m and \$10m, Gem-ina said. The minimum invest-ment in the fund will be \$1m. The fund will then invest in

companies that have annual revenues of between L20bn (\$14m) and L200bn.

Chase said it believes the fund will benefit from the current favourable situation in the liahian LBO market and from the apparent law represent law represents. the apparent low valuation of many Italian companies.

• Investcorp, the Middle East-based international investment bank, said its European Acquisition Fund has been subscribed more than twice and is being increased.

FT INTERNATIONAL BOND SERVICE

| PLBATING RATE | Spread | Bid | Offer | Cuts | Cuts | Alliance & Leic, Bid 94 & ... | .08 | 99.91 | 99.96 | 18/07 | 13.08 | 19.97 | 10.00 | 10.20 | 100.30 | 19/08 | 19.88 | 20.99 | 10.42 | 100.20 | 100.30 | 19/08 | 19.88 | 20.99 | 10.42 | 100.20 | 100.30 | 19/08 | 19.88 | 20.99 | 10.42 | 100.35 | 20/10 | 10.16 | 100.50 | 100.35 | 20/10 | 10.16 | 100.50 | 100.35 | 20/10 | 10.16 | 100.50 | 100.35 | 20/10 | 10.16 | 100.50 | 100.59 | 20/08 | 5.63 | 100.35 | 100.35 | 100.35 | 20/10 | 10.16 | 100.50 | 100.59 | 20/08 | 5.63 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | 100.35 | CONVEXTIBLE BOHOS
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Minoria Camera 214 940M
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Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yea bonds where it is in billions. Change on week.—Change over price a week narrier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dir.—Date next coupon becomes effective. Spread—Margin above six-month offered rate (astronament); Sabove mean rate for US dollars. C.cpa—The current

couper, Competible Sends: Denominated in dollars unless otherwise indicated. Chy day - Change on day. Care data - First date of conversion into states. Can, price - Nominal amount of band pir stare expressed recurrency of share at conversion rate fixed at laute. Prem - Percentage premium of the conversion rate fixed at laute. Prem - Percentage premium of the conversion fixed on the stares.

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Nomura US deal aims at boosting its world rank

By Stefan Wagstyl in Tokyo

NOMURA Securities, the largest Japanese securities company, is seeking to boost its position in the international futures broking market through a co-operation agree-ment struck this week with Refco, a leading US futures

group.

The deal will help Nomura
prepare for the lifting of a ban
on foreign financial futures broking in Japan at the end of this month.

this month.

Nomura originally hoped to have completed a deal with a US partner last year by buying GNP Commodities, a Chicago futures company. But Nomura pulled out of the deal when the Commodity Futures Trading Commission, the regulatory watchdog, filed a complaint against GNP on allegations including fraud.

including fraud. Chicago-based Refco is the world's largest futures broker in terms of commissions, active in commodity as well as financial futures markets. It has expanded rapidly through the 1980s with a seriee of quick-fire acquisitions.

unce-tre acquisitions. In choosing a partnership with Refco, Nomura bas bought itself into the Chicago futures markets in a different way from the other three leading. ing Japanese securities bouses

- Daiwa, Nikko and Yamaichi

- which have all acquired

clearing memberships at the Chicago Board of Trado and the Chicago Mercantile Like them, Nomura has trading seats on both exchanges but it has concluded that the

but it has concluded that the best way to expand its pres-ence is through a partnership with an existing company. Nomura already has links with Refco — it sends trainees to the Chicago company and consigns own-account clearing orders for US contracts to Refco. Under the terms of the new agreement, Nomura staff will be seconded to Refco to pick up market information which will be passed to Nomura clients. in return. Nomura will send orders from clients for US contracts to Refco, and share commission.

Japanese interest in finan-cial futures is expected to mushroom following the opening on June 30 of the Tokyo International Financial Futures Exchange, which will trade contracts based on US dollar and yen money market instruments and currencies.

Orix Corporation, which plans to pay \$80m for a 30 per cent stake in Commodities Cor futures fund manager, said yesterday that the agreement would enable it to prepare for the expansion of Japanese futures markets

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futures markets. Orix, Japan's biggest leasing group, recently changed its name from Orient Leasing, gets nearly two-thirds of income from leasing. In the six months to the end of March, it months to the end of March, it made pre-tax profits of Y9.5bn (\$64.3m) on revenues of Y276.8bn. Commodities Corporation manages nearly \$1bn, which it believes makes it the largest specialist futures fund manager in the world. It has total assets of \$467m and 135 staff. The directors include Mr Paul Sauwelson winner of the Paul Samuelson, winner of the 1970 Nobel prize in economics.

INTERNATIONAL TELECOMMUNICATIONS The Financial Times proposes to publish this survey out 17 JULY 1589 For a full editorial synopsis and ivertisement details, please contact JEREMY M. BAULF on \$1-873 4026 or write to him at: Number One Southwark Bridge London SEI 9HL

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FINANCIAL TIMES

INTERNATIONAL CAPITAL MARKETS

US long bonds fall back sharply as dollar subsides

US TREASURY honds some reconsideration of the fluctuated in both directions vesterday morning after the release of figures for trade, industrial production and capacity utilisation and finally succumbed to profit taking as the dollar fell back from early

At mid-session, the Trea-sury's benchmark long bond

GOVERNMENT BONDS _

was quoted % point lower at Bond prices continued to track the dollar closely. They moved up with tha US currency in an immediate reaction to news that the US merchandise trade deficit had narrowed to \$8.26bn in April but then starting losing ground as the dellar changed direction.

The dollar, which had surged to highs of Y151.85 and DM2.0475, subsequently fell back to be quoted at Y149.55 and DM2.0230 at mid-session. The dollar selling appeared to be on a combination of factors. Repeated intervention by the US Fedaral Reserve was reported in the foreign exchange market, there was profit-taking at the highs and

upward revision in the March deficit to \$9.54bn from \$8.86bn The bond market was also looking at the March revision. That came in conjunction with hefty upward revisions in both industrial production and capacity ntilisation. Although industrial production was unchanged in May, April's rise
was revised up to 0.6 per cent
from 0.4 per cent and March
was revised to a gain of 0.1 per
cent from being unchanged in
its mercions recent

Capacity usage in May was 83.5 per cent. April's rate was revised up to 84.1 per cent from 83.9 per cent and March's 83.9 per cent and March's usage rate was revised up to 83.6 per cent from 83.7 per cent.

These figures taken together confirm more robust growth at the end of the first quarter and beginning of the second than previously thought but con-

its previous report.

firmed a slowing in May. On balance, the figures were nega-tive for the bond market. Today, bond traders will be focusing on the May Consumer Prices Index which is expected to have risen by 0.5 per cent compared with the 0.7 per cent sain in April gain in April. Fed Funds yesterday traded

		8-4				Mar. eds.	14
	Coupon	Red Date	Price	Change	Yield	Wook ago	Month ago
UK GILTS	13.500	9/92	104-29	+6/32	11.63	11.28	10.98
	9.750	1/98	94-04	+ 17/32	10.82	10.63	10.28
· <u> </u>	9.000	10/08	93-10	+ 28/32	a77	9.84	9.30
US TREASURY .	9.125	5/99	105-27	-7/32	8.25	8.32	8.87
	8.875	2/19	107-02	-20/32	8.23	8.33	8.85
JAPAN No 111	4.800	6/98	94,3479	-0.312	5.54	5.33	5,37
No 2	5.700	3/07	104.5213	-0.582	5.21	5.06	5.07
GERMANY	6.375	11/98	97.5500	+0.200	6.72	6.88	7.07
FRANCE BYAN	8.000	1/94	96,7889	-0.141	8.85	8.88	8.96
OAT	8.125	5/99	96.8800	+0,120	8.60	8.74	8.85
CANADA *	10.250	12/98	105.5000	+0.125	9.36	9.28	9.84
METHERLANDS	6.7500	10/98	97.6500	+0.050	7.10	7.24	7.41
AUSTRALIA	12.000	7/99	90,7263	-0.125	13.73	13.73	13.49

London closing, "denotes New York morning session Yields: Local market standard Prices: US, UK in 32nds., others in decimal Technical Data/ATLAS Price Source

In Germany, prices wera fixed unchanged or lower on the hourse, but began to advance after a narrower-than-expected US trade deficit in May. The lack of policy change from the Bundesbank regular meeting, while anticipated, had a mildly positive effect too.

As the market gained

As the market gained momentum during the after-noon, dealers were caught with little stock on their books. So

the thin market, combined

with good buying interest both from abroad and domestically

NEW INTERNATIONAL BOND ISSUES

101%

1015

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at 9% per cent and the US Federal Reserve drained liquidity from the money as expected with four-day matched sales.

THE RELATIVE cheapness of European markets compared with the US is finally exercis-ing a decisive effect on capital flows yesterday. Significant switching out of the US trea-sury market supported prices in major European markets, including the UK, yesterday.

bund futures contract, which traded over 30,000 contracts. The September bond future advanced to 95.14 compared with an opening price of 94.75.

WHILE a report during tha morning that May inflation fig-ures would again be poor, the French market fell back, but as the US opened considerable dealers saw considerable buying interest, as in other Euro-September notional bond future closed 4 basis point firmer at 108.04, after a day'a low of 107.82.

THE UK gilt market also turned around yesterday, with cash and futures prices over a point firmer at the long end of the market by the end of the day. The benchmark Treasury due 2003-2007 was up 1½ of a point at 110.21, and the September gilt future closed 13 firmer

Prices largely followed ster-ling's gyrations, and the currency was firmer late in the mark day helped by central bank 5.575.

Morgan Stanley Int. Bankers Trust Int. Bankers Trust Int.

2/13 Deutsche Bank Cap. Mkts.

2/14 Credit Lyonnais

led to extensive use of the Liffe intervention and some buying on the lows. Major US institutions were reportedly switch-ing out of Treasuries and buy-ing richly yielding gilts. While the market largely

ignored lower than expected average earnings figures for April, which came in unchanged from March at an annual increase of 9.25 per cent, the upward revision of the quarterly invisibles surplus had a mildly negative effect as had a mildly negative effect, as it increases the trade deficit.

WITH THE yen plummeting below Y150 against the dollar, and more talk of another rise in the official discount rate, prices in Japanese government paper fell substantially during the Tokyo day in moderate trading. Intervention in the currency markets by the cen-tral bank did bttle to check the

dollar's progress. Yields on the No. 111 benchmark bond rose to a high of 5.545 per cent, closing in Tokyo at 5.535 per cent compared with 5.475 on Wednesday. In the London market the benchmark briefly touched a high of

Barclays unit to manage Japan pension funds

BARCLAYS Trust Bank, a subsidiary of the UK clearing bank, has joined the small band of foreign trust banks allowed to manage Japanese

public pension funds.
Barclays and a subsidiary of Chemical Bank of the US have Chemical Bank of the US have this year joined two American-owned trust banks -- Citirust, an affiliate of Citibank, and Japan Bankers Trust, a subsid-iary of Bankers Trust - which have managed funds before on hehalf of the Ministry of Health and Welfare.

The increase in foreign par-

The increase in foreign par-ticipation is a sign that the Japanese authorities recognise the fund management skills of foreign companies. Two years ago, Japan Bankera Trust, which was then the only foreign company, out-performed all its Japanese rivals handling the ministry's funds. Last ye Cititrust came top in its first year, with Japan Bankers Trust also among the leading

performers.

The ministry manages a share of the funds itself through the Pension Welfare Service Public Corporation.

But the proportion has been falling as more funds have been put out to private companies in order to improve competition and performance. The ministry is anxious about the forecast likely increase in the in the next 30 years as the population ages.

Japan Bankers Trust joined the list in 1986, following strong lobbying from the US for the market to be opened to foreign companies. The ministry is expected to add slowly to the number of foreign companies and to increase the funds they are allocated.

Japan Bankers Trust started with about Y2bn (\$13.5m). This year it is getting allocated Y20bn, as is Cititrust. Barclays and Chemical are being entrusted with Y8.5bn each.

The total put out by the ministry is Y792bn out of Y1,050bn.
The proportion managed by
Japanese life insurance compa-

expense of trust banks with the largest amount, Y36.5bn, going to Nippon Life.

Rash of US data keeps new issue activity in check

By Andrew Freeman

US TRADE figures for Apriland industrial output numbers kept Eurobond dealers busy guarding their books yester-day, so there were few new issues. Syndicate managers

INTERNATIONAL **BONDS**

were forecasting a rusb of activity next week when several borrowers, known to have held off this week, are expected to tap the market.

Morgan Stanley Interna-tional was the lead manager of a \$210m asset-backed deal using a special vehicle called Collateralised Bond Obligations. The 11-year deal carried a coupon of 20 basis points over six-month Libor.

hot reception, with European institutions leading widespread quoted by the lead manager at

V .

99.95 bid, just below the par issue price and wall inside

conpon and were priced at 101%. The lead manager quoted the retail-orientated

underwriting commissions of

A guarantee from Financial Security Assurance added to the credit quality of the bonds, while Morgan Stanley was able to price the paper against other FSA-guaranteed deals trading in the secondary market.

An A\$50m five-year deal was launched for Ford Credit Australia by Deutsche Bank Capital Markets (DBCM). The

The deal, which is callable at par on coupon dates after one year, is collateralised by a \$300m pool of high-yielding securities bought by Morgan Stanley over recent weeks. A 25 per cent annual sinking fund after 1997 reduces the average life of the bonds from 11 to 9% years,

A guarantee from Financial

tal Markets (DBCM). The bonds carried a 15% per cent

The deal, which is callable at

BOTTOWER US DOLLARS Collateralised Bond Ob.(c)‡♦
Crediop(d)♦
Elesporifinans(e)♦
Pacific Metals Co.(a)♦♦ AUSTRALIAN DOLLARS
Ford Credit Australia

FRENCH FRANCS Olivetil Int.SA

SWISS FRANCS
Kasumi Co.(b)***

238 *APrivate placement. With equity warrants. #Floeting rate notes. •Final terms. a) Coupon cut by ½ % from indication, b) Coupon increased by ¼ % from indication, c) 20th over 6-month Libor. Call at par in June 1990 and on coupon dates thereafter, Average life 3½ years, d) Additional \$100m on tap. e) Redemption oll-linked, Launched in two tranches of \$25m each, f) Redemption linked to Nikkel stock hidex, g) Coupon 5¼ % for three months, then Japanese long-term prime rate peper et less 1.95 bid. but

50

added that the deal's size would prevent widespread The deal was syndicated on a so-called take-and-pay basis, whereby underwriters were

offered a final allocation at a

some weeks ago and was judged as sensible in current market conditions. Bankers Trust had a busy day, launching three deals

fixed price. A DBCM official said that this method of syndicating issues had been adopted including an oil-linked \$50m one-year deal for Exportinans. The bonds were offered in two \$25m tranches with different redemption amounts based on investors taking a view on future oil prices. A FFr750m eight-year deal

was brought by Crédit Lyon-nais for Olivetti International. The 9 per cent coupon attracted some international demand, yielding 56 basis points over French government bonds at less full fees. However, the deal ran into tors saw as over-supply in the

The lead manager was quot ing the paper at around less 2 bid on fees,

In Switzerland yesterday syndicate managers looked in amazement at an increase in tha coupon on Tuesday's SFr120m equity warrants deal

Handelsbank NatWest raised the coupon by % point to 2% per cent to try to make the deal more attractive to investors. However, there was com-ment that coupons need to be around 3 per cent before there will be real demand. The bonds were trading at less 4 bid.

Tokyo to ease Euro-yen issue rules for foreigners

By Andrew Freeman

MOVES to liberalise rules for non-Japanese issuers of Euro-yen bonds are expected to come into force today. The changes were signalled by the Japanese Ministry of Finance at the beginning of June and are part of wider attempts to hring more capital markets business to Tokyo. Syndicate managers are hop-

ing for several deals to take advantage of the relaxation of restrictions which have stopped non-resident borrowers

issuing Euro-yen bonds of less than four years' maturity. In addition, the existing sin-gle-A rating floor will be removed so that any borrower with a recognised credit rating will be allowed to issue bonds. This will significantly widen

the pool of borrowers able to tap the market.

The moves are designed to encourage greater use of the Euro-yen market after e period of stagnation.

However, traders were warn-ing by the Japanese euthorities yesterday that there will not be a flood of deals because swap rates and a weak currency make the sector unattractive to many borrowers.

Among issuers thought to be contemplating deals today are the State Banks of Victoria and

South Australia, and Chrysler, the US corporation. The issue sizes will be small, however, and syndicate managers will concentrate on both targeted and Nikkei-linked

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

the Institute of Actuaries and the Faculty of Actuaries

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS		Thurs	day Ju	me 15	1989		Jun 14	Jun 13	Jm 12	(approx)
FI	& SUB-SECTIONS gures in parentheses show number of stocks per section	index	Day's Change	Est. Earnings Yield% (Max.)	Gross Oiv. Yield% (Act at (25%)	Est. P/E Ratio · (Het)	nd adi. 1989 to date	Index No.	index No.	ladex No.	hodex No.
_1	CAPITAL 6000S (205)	948.43		11,06	4.12	11.10	13.25	951.76	947.64		
2	Building Mater)als (29) Contracting, Construction (37)	1161.89	-0.4	12.24	4.41	18.09	17.91	1166.65			1822.21
3	Contracting, Construction (37)	1627-59	-0.3	14.25	4.31	9.28					
4	il Electricals (9)	.12779.65	-8.7	8.89	4.13	13.89					2097.30
5	Electronics (30)	2223.02	. 4.3	8.58	3.13	15.10		2228.78			
6		529.78	-8.4	10.22		12.64			518,62		
8	Metals and Metal Forming (7)	529.72	-13	18.91	5.65	5.83	1.84				
9	Motors (17) Other Industrial Materials (22)	. 320.30		11.63	4.74	18.87	6.83		328.51		
10	Other Industrial Materials (22)	.1565.98	-0.1	9.61	4.35	12.43	25.11	1568.31			
21	CONSUMER GROUP (187)	1208.33	-0.2	9.18	3.74	13.63	15.94	1218.64	1204.86		
22	Brewers and Olstillers (22) Food Manufacturing (20) Food Retailing (15) Health and Household (14)	1328.05	+0.7	10.23	3.64	12.27	26.84				1139.23
25	Food Manufacturing (20):	1972.85	-0.5	7.61	. 3.91	13.02	15.69	1478.65			
26	Food Retailing (15)	2337.31	. +0.1	8.65	3.26	15.18	25.57	2335.62			
27	Health and Household (1.4)	2166.77	-0.7	6.85	2.74	26.5%	21.11	218L41			1863.92
29	Leisure (33)	11628.61	-9.2	7.53	3.50	15.99	21.82	1623.30	1621.62		
31	Packaging & Paper (15)	J 565.16	-0.1	10.22	434	12.38	7.18	565.64	564.48		
32				8.77	4.72	14.39	44.70				3441.04
34	Stores G40	791.12	-4.5	11.48	4.56	21.48	12.47	·794.93	790.79	797.54	
35	Textiles (15)	527,80	+6.2	11.31	5.47	10.45			528.81		
40	OTHER GROUPS (94)	1117.62	-0.1	10.17	4.39	11.97	12.26	1118.71	1107.74	1121.48	
41				7.81	2.43	17.76		1364,94		1371.42	1261.00
42	Chemicais (22)	1269.30	-0.2	11.24	4.69	10.49	26,38	1271.90	1268.02	1256.69	1063.26
43	Conglomerates (12)	1576.37	+0.5	10.68	5.66	11.83	28.16	1568.47			1209.53
45	Chemicals (22)	2425.69	+4.2	8.70	3.72	14.74	36.81		2417.00	2458.68	1928.67
47	Telephone Networks (2)	TTT-8-40	-1.5	11.14	4.43	11.45	0.50	1137.57	1133.43	1143.75	968.56
48	Miscellaneous (27)	1665.38	+1.5	9.57	3.58	11.86	22.36	1640.19	1608,91	1630.26	1185.73
49	INDUSTRIAL GROUP (486)	1136.30	-8.2	9.98	3.98	12.35	14.51	1738.68	1132.32	1141.98	973.93
51		2052:57	+8.2	10.52	5.59	12.63	51.68	2650,68	2849.68	2058.99	1869.60
59	500 SHARE INDEX (500)	1214.00	-0.2	20.05	4.17	12.39	17.48	1216,87	1218.08	1219.77	1949.65
61	FINANCIAL GROUP (123)	721.51	-0.3	-	5.40	-	16.71	723.49	726.57	730.83	
62	Ranks (8)	715.56	-0.7	24.95	6.69	5.26	21.71	720.49	723.36	728.48	677.32
65	Insurance (Life) (8)	1046.00	-0.4	- :	3.71	-	29.86	1050.52	1055,47	1065.51	1053.43
66	Insurance (Composite) (7)	561.38	44.3	4 - 1	6.11	- :	16.75	559.54	562.44	563.49	563.22
			+0.3	7.79	6.46	17.27	27.18	966.31	978.74	967.81	1008.00
68	Merchant Banks (11)	328,98	-4.9	1 - 1	4.64	-	3.76	331.12	331.79	329.94	368.51
69	Property (52)	1288.72	-0.1	6.49	2.95	19.42	15.81	1281.59	1286.74		1249.48
70	Other Financial (30)	360.03	-6.2	11.55	6.11	11.04	6.25	360.29	361.94	362.52	390.59
71	Investment Trusts (71)	1142.91	-47-1-01	-	2.85	-	12.92	1141.09	1341.34	1142.15	901.78
έī	Mining Finance (2)	618.26	+0.3	10.63	4.12	11.16	10.45	616.32	614.31	616.67	543.40
01	Overseas Traders (8)	11 274 12	-	11.40	5.81	9.64	34,45		1281.36	1292.41	1149.67
71	ALL-SHARE INDEX (704)	1092.63	-0.2		4.32		1011	1894.50		1098.86	962.26
77	ALL-SIVING INDEX I/ VV community			Day's	Day's	Jun			-		
		inciex.	Day's Change	High (a)	Low (b)	Jan .	Jun 13	Jun 12	Jan 9	Jun 8	Year
	ET CE 100 SHADE DIREYS	2129.6	-4.0		2129.6	2111.6		2722.1			1861.9

, FD	(ED I	NTE	RES			AVERAÇE REDEMPI	Thu Jun 15	Wed Jus 14	Year ago (approx.	
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8ritish Government 1 5 years	116.39 129.01 139.89 161.56 127.54	+0.53 +0.80 +0.91	116.46 129.21 137.98 160.10 127.55		5.61 6.34 6.81 6.34 6.23	4 Mediem 5 Cospos 6 7 High 8 Cospos 9 10 Irredeemab Indez-Link 11 Inflation ra	5 years. 15 years. 25 years. 15 years. 25 years. 15 years.	9.88 9.48	9.57 11.53 10.28 9.81 11.44 10.49 9.99 9.57	9,32 9,38 9,20 9,41 9,52 9,26 9,06
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LONDON TRADED OPTIONS

6th July 1989 For a full editorial synopsis and advertisement details, please contact: Joanna Dawson on 01-873 3269 or write to her at: Number One, Southwark Bridge London, SEI 9HL

PROPERTY INVESTMENT & FINANCE

The Financial Times proposes to publish this survey on:

Payment of £240,000 made to buy out contracts of ex-chief executive

Chloride profits run down 33% to £12m

By Clay Harris

troubled battery company, yes-terday reported pre-tax profits of £12.2m for the year to March 31, a 33 per cent decline from the £18.2m achieved in 1987-88.

Earnings per share plum-meted from 3.7p to 0.9p as the tax charge soared from 38 per cent to 57 per cent because of heavy reliance on profits from high-tax Third World coun-

The result included an £1.8m loss from Altus, a US lithium battery group in which Chloride bought a 51 per cent stake for £7m last summer. Less than a month ago, Chloride described initial results from Altus simply as "disappoint-me"

Group profits would have been even lower, however, leading to a loss per share had Chloride not decided to treat as extraordinary a net £3.8m in operating losses from two divisions subsequently sold for a total of £70m. Chloride, meanwhile, has

agreed to pay £240,000 to buy out the contracts of Mr Kent Price, the American who resigned abruptly in April after 2½ years as chief executive. Mr Price's basic annual salary was

It also warned that profits in the first half of the current

THE TAKEOVER Panel, the

UK watchdog on hids and deals, yesterday rapped Gate-way and its advisers over a property appraisal contained in its last defence document. The food ratall group is currently

food retail group is currently

facing a hostile £1.87bn leveraged bid from the newly-

formed Isosceles group.
The Panel said the valuation

did not conform to the require-

ments set out in the Takeover Code for property valuations.

The Panel is concerned that

shareholders may place undue

reliance on figures produced by an appraisal which might or

might not have been confirmed

by the more exhaustive exami-

nation necessary for a valua-tion", it added.

The code requires valuations to be supported by an indepen-

CHLORIDE GROUP, the £7.7m reported at the interim stage in 1988-89.

Mr Ray Horrocks, chairman, said the results from the European motive power division and Exide Europe, the European eutomotive battery business, had been taken below the line from the dates the deci-

Before this adjustment, motive power showed a profit of £4.8m and Exide a loss of £4.6m. The accounting treat-ment is unusual but not unprecedented; in 1988 it was used in similar circumstances, for example, by Bunzl, the dis-tribution and specialist manu-

Above the line, the automotive division contributed profits of £7.6m (£7.1m) and industrial £7m (£11.7m).

trial 27m (£11.7m).

Electronics activities went £300,000 into the red from a £1.8m profit. Losses in the power supply husiness and a hreak-even result from the stand-by power arm offset the worlds from energency light. profits from emergency light-

ing systems.

Allied products - compris-ing a manufacturer of plastic battery cases, a metal smelter and a metal-cutting company - saw profits stable at £900,000. With the disposal of the European hattery side, these are now non-core businesses. Mr Horrocks said: "If

dent valuer, with attention drawn to the Royal Institute of Chartered Surveyors guidance

notes. The RICS's require-ments include a safeguard that

a valuation certificate will usually be issued after physical inspection of the properties. With prior approval of the Panel, exceptions to this approach can be made.

In the case of the Gateway valuation, no physical inspec-tion was undertaken, and the

company's advisers did not consult the Panel beforehand.

The Panel says that it accepts that the appraisal was pub-lished in good faith and that

there was a time constraint. However, it adds that there

was a clear question whether publication of this appraisal was permitted by the code, and

Gateway rapped by Panel



Ray Horrocks: willing to talk about non-core disposals

good and sensible offers are received which would take them to good homes, we're willing to talk."

Turnover rose by 12.1 per cent to £345.3m (£307.9m). By division, automotive accounted for £113.1m (of which £76m ties), industrial for £128.3m (£72m), £17.7m from allied products and £86.2m from elec-

Interest payments rose to \$9.6m (£5.8m), and the tax charge rose to £7m (£6.9m) despite the sharp fall in profits.
Attributable profits rose to £10.3m (£4.9m) because of an

"a matter of concern" that it

way's advisers, said they did not wish to comment on the

Panel statement but pointed out that a full valuation would

have taken three months, Isos-celes, however, maintained

that the property appraisal was symptomatic of Gateway's defence in general — which, it

alleges, contains various unsubstantiated claims.

Shares in Gateway eased 1½p to 210½p — ½p above the Isosceles offer price — with the bidder making no further purchases. As rumours of alternatives to the Isosceles bid continued to circulate, Gateway's only official comment area that

only official comment was that it was still exploring alterna-tive, higher possibilities.

Lazard Brothers, one of Gate-

was not consulted.

• COMMENT

Any notion that Chloride had exhausted its capacity for producing unpleasant surprises was dashed yesterday with the revcashed yesterday with the revelation of what an understatement "disappointing" had been with regard to Altus. The deficit at power supplies also seems to have come from out of the bine. If the unusual of the bine. If the unusual accounting treatment only stops things from looking much worse, at least it has the merit of establishing a comparable base for future years. The fact that the shares finished unchanged at 38p suggests that the current management can only do better. If they don't the current management can only do better. If they don't, perhaps someone else will have a go. One place they have their work cut out is in the tax-inefficient overseas divisions. Re-organisation and perhaps some tweaking of transfer pricing may help in the short term but is not a final solution. Shorn of is not a final solution. Shorn or motive power, operating profit this year is unlikely to exceed the £21.4m achieved in 1988-89, but lower interest payments should allow the pre-tax figure to advance to £17m. With a tax charge in the mid-40s, the promotive walking of 11 is indespective multiple of 17 is inde-fensibly high on fundamentals, hnt probably about right on seat-of-the-pants recovery pros-

tragically apparent in the sale of profitable motive power to finance a loss-making acquisi-

By David Waller

Chloride Group

Pre~tax profit / loss (£m)

1982 83 84 85 86 87 88 89

£8.2m extraordinary credit (£3m debit). A lower final dividend of 0.55p (1.5p) cuts the total to

1.1p (2p), as forecast last

Dr Maurice Gillibrand, a former Chloride research director who led unsuccessful opposi-

tion to the motive power dis-posal, said yesterday: "Confi-dence in the management of

dence in the management of the company will only be restored if Ray Horrocks can

convince shareholders that steps have been taken to elimi-

nate the incompetence now so

MSR calls for £17.5m

MIDLAND & Scottish Resources – formerly known as Jebsens Drilling – is making its first significant corporate move since it took its new

shape in February this year.

MSR is paying £9.82m in
shares to acquire Midland & Scottish Energy, a wholly owned subsidiary of Midland & Scottish Group, the private company which took 75 per cent of Jebsens earlier this

raising a net £17.47m via a 4 for 11 rights issue. This will be used to repay the company's borrowings and will leave it with net cash of some £3m.

All in all, MSR's equity will expand by 35m shares against expand by 35m shares against

tha 64m shares in issue already.

MSE is a field partner in the Emerald Oil Field to the East of the Shetland Islands in the North Sea, its principal asset being a 44.2 per cent interest in that field.

Proved recoverable reserves of the field amount to 43m barrels of oil, with likely recover-able reserves at 64m barrels. In order to finance the development of the field, MSR has arranged borrowing facilities totalling £154.7m, £94m of which is fixed at 10.5 per cent. MSG is not taking up its entitlement in respect of all its shares in MSR and its holding in the latter will drop from 75.1

to 60.2 per cent. The new shares are being offered at 78p per share; the shares closed lp down yester-

Bitter conflict at LUI over relationship with US reinsurer

By Nick Bunker and Edward Sussman

A BOARDROOM row at London United Investments, the specialist insurer, flared into open acrimony at the group's annual general meeting yesterday when dissident shareholders demanded further explanation of the company's controversial relationship with US-based Russell Reinsurance.

The meeting also featured open dissent from Mr Colin Forsyth, a rebel LUI director. He accused the rest of the board of falling to make full disclosure about personal stakes in Russell held by some directors. He told shareholders that, in Russell, they were being "handed something which is a future hability."

The dissidents, led by Mr Geoff Kettlewell of the Lucas

Industries pensions fund, failed by 10.8m votes to 865,954 votes in an attempt to block the meeting from adopting LUI's annual accounts.

To appease large institu-tional shareholders though, Mr Ronnie Driver, LUI's chairman and chief executive, had to accept yesterday a three-point plan from the group's largest shareholder, Govett Strategic investment Trust, with 6.97 per

ent of its equity.

In a move aimed at rebuilding confidence in LUI, Mr Mark
Cornwall-Jones, a director of
the John Govett fund management group, had proposed that
LUI should find a new managing director form contrible the ing director from outside the group, appoint additional nonexecutive directors and form a shareholders committee to re-examine the Russell Re affair. Investment institutions. which hold 87 per cent of LUI's

Investment Co. advances 50%

The Investment Company raised pre-tax profits by 50 per cent from £1.67m to £2.5m for the year ended March 31 1989, after including an increased surplus of £1.45m, against 20.78m, on changes of invest-

After tax of £652,302 (£407,027) earnings per 25p share were up from 241p to 2.94p. The directors recom-mend a final dividend of 0.65p making a total in effect increased from 0.65p to 0.9p. Gross revenue increa

shares, have been upset by the way its share price has plum-meted from 333p in 1987 to 69p last night, partly over fears about just how adequate were its reserves for US liability insurance claims.

LUI's future is also of serious concern to the major Anglo-American insurance brokers, Marsh & McLennan, Alexander & Alexander, and Sedgwick, which have used it for many years as a provider of or many years as a province of casualty insurance for the major US corporate clients.

It seemed likely last night that if the steps proposed by Govett were not taken soon. Lucas or other dissident institutions might requisition an account magning requisition.

extraordinary general meeting, perhaps to ask the board to stand down. One absentee from yesterday's meeting was LUI director. Prince Michael of

Kent, the Queen's cousin.

Russell's existence emerged publicly last month in LUTs annual report. It showed that Mr Driver and his deputy Mr Peter Wilson failed from 1977 until late 1988 to reveal in published ecception that they were lished accounts that they were shareholders in Russell, even though it had extensive busi-ness dealings with LUL After an investigation by the

rest of the board earlier this year their shares in Russell Re and those of a retired associ-ate, Mr Harold Weavers, were then handed over free to LUI, itself, together with a cash dividend of \$300,000 (£182,000) that was paid in 1966. Mr Driver and Mr Wilson say though that they never considered them-selves to have a personal inter-est in Russell, but were instead

BET issues another

share tranche in US

BET, the international

services group, yesterday said it would issue the latest \$195m tranche of variable dividend

preference shares through a public offering in the US in August.

Also to be registered with the Securities and Exchange

the Securities and Exchange Commission are the shares issued in the original \$165m private placement in March. When BET amounced its \$500m programme in February it said it was the first UK company to tap this uniquely US market.

acting on behalf of LUI.

Mr Driver, who said he is
stepping down as LUI's chief executive int remaining as chairman, tried to pre-empt argument yesterday with a statement about what he called "certain inaccurate comments in the press" about Russell Re. Ha admitted that "paper-

work relating to the shareholdings of this company left much to be desired," but said that neither he nor his colleagues had received any remunaration or other benefits from Russell.
Mr Driver was instantly
challenged though by Mr Peter
Leonard, of the Gartmore fund management group, who said he spoke for 3m of LUTs 58m

Mr Leonard said Russell Re was a "poisoned chalice", because it would face the bur-den of administering claims expected to flow in from insur-ance business which it underwrote in the US. In particular, Russell handled insurance husiness for Missouri-hased Transit Casualty, a US insurer which collapsed in December 1985 in the second largest insolvency in US insurance history. He also expressed astonishment at the fact that Russell Re's only remaining client is First Reinsurance of Hartford, another LUI subsidiary.

The intervention from Mr.

Colin Forsyth, a director of LUI, came when another LUI director said tha board had been unanimous in approving the statement about Russell in the annual report. Mr Forsyth said Russell had been set up in 1977 "without a whisper to the

United Drug up to I£958.000

United Drug has increased its first half pre-tax profit from 12744,000 to 1£958,000, equal to £835,000, and is confident of a

: h00

-0 beet i

successful year.
In the six months ended
March 31 1989 turnover rose to
\$24.88m (£21.72m). The company increased its share of the pharmaceutical wholesale market, and was encouraged by the growth at Pemberton, the consumer marketing company, and by Ulster Anaesthetics in the hospital supply market. The interim dividend is

again 1.5850.

RESULTS FOR 1988/89

- Tumover increased 19% to £4,906 million
- Ti Pre-tax profit up 42% to £593 million
- Earnings pershare up 37% to 28.0 pence
- after utilisation of tax losses Dividend for year 5.0 pence per share

The excellent financial results reflected the Company's effective response to the apportunities of strong markets at home and abroad. Steel demand in the UK increased in all sectors and reached the highest level since 1976/77. Operating performance at all major plants, in terms of output levels and cost efficiency, continued at a high standard.

BRITISH STEEL plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

TURNOVER 4116 Operating costs (3,692)TRADING PROFIT 424 35 Share of profits of related companies 23 Net interest and other income Exceptional items (36)PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION Taxon profit on ordinary activities PROFIT AFTER TAXATION 411 Minority interests PROFIT ATTRIBUTABLE TO SHAREHOLDERS 410 Dividends (100) PROFIT RETAINED 410 EARNINGS PER SHARE 20.5p La company of the second of th

The good trading results have further strengthened the Company's balance sheet. Net cash inflow in the year was £546 million.

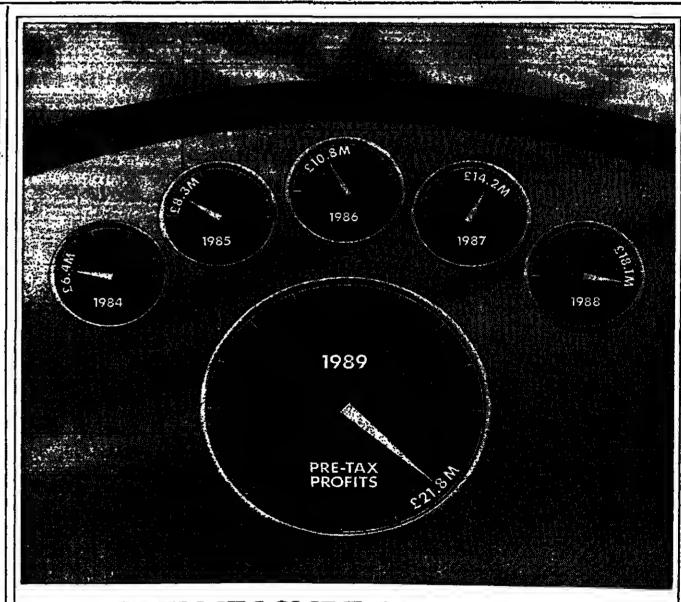
Commenting on the results, Chaliman Sir Robert Scholey said:

The general situation and outlook in steel internationally appears more stable than for some time. Although excess capacity continues to exist on a world basis against what would generally be judged astrend demand levels, the balance today is much better than it was a few years acc. That is a result of determined capacity reduction and rationalisation measures of various kinds undertaken in several areas of the world, including of course the United Kingdom.

Moreover, there are some encouraging signs that governments in other countries also may wish to reduce their financial and other involvement in their respective steel industries; involvement which was to an appreciable extent, responsible for the creation of the excess capacity that has damaged the industry for some years."



British Steel



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- Pre-tax profits up 20% to £21.8 million
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- Measurement is highest growth area
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Staveley Industries pic, Staveley House, 11 Dingwall Road, Croydon CR9 3DB, Tel: 01-688 4404 gred for the purposes of Section 57 (1) of the Financial Services Act 1986 by Coopers & Lybrand who are authorized under that Act by the institute of Charlesed Act
England and Wioles to corry on investment business.

UK COMPANY NEWS

Next sells

distributor

NEXT, the high street retail and mail order group, yester-day announced the sale of M Mercado, its Leeds-based spe-cialist distributor of carpets,

to Cartongrove, a company formed by Phildrew Ventures

and the management of Mer-

The deal values Mercado at

£20.3m which includes the

The management team of Mercado, led hy Mr John Wharton and Mr Roger Ellis, the joint managing directors, have an 11 per cent stake in the business. Next will retain 10 mercent at the and Phil

a 10 per cent stake and Phil-drew Ventures will retain 50 per cent of the equity after selling equity to institutions. Mercado is a specialist dis-tributor of rolls and cut

tengths of carpet, rugs, carpet tiles and vinyl to the indepen-dent retail trade. In the year ended January 31 it made pre-

tax profits of £2.9m on sales of £22.7m.

WPP, the advertising and

marketing services group has secured shareholder approval for its proposed acquisition of

US agency company, Ogilvy Group. The formal resolutions

were voted through unant-

monsly at an egm. The tander offer for Ogilvy closed at mid-night, last night, in New York.

WPP/Ogilvy

for £20m

carpet

By Lisa Wood

Better equipped to face the future

Johnson Matthey's £64m matches City forecasts

BATTLING AGAINST falls in the prices of precious metals, adverse exchange rate move-Johnson Matthey, the precious metals refining and marketing group, managed a 6.3 per cent increase in taxable profit for the year to March 31, from 550.6m to 564.4m.

JM is recommending an 80 dividend for the year, an increase of In, via a final of

5.5p The result was in line with most analysts' expectations but the share price slipped after the announcement.

after the announcement.
Mr Eugena Andarson, the chief executive, said that so far in the current year "the general tempo of the business was about the same" but the group was benefiting from the rise in the dollar's value.

"JM in 1989 is better equipmed to face the future

equipped to face the future than it has ever been. We look to the 1990s with confidence, he added.

. The group is the world's biggest platinum refining and marketing organisation so its profits are sensitive to plati-num price movements, Last year the average price was £308 a troy ounce, 5 per cent below the £323 in 1988. Adverse exchange rates

wiped about £1m off profits which, together with the reduced platinum prices and higher interest rates, cut profits by between £3m and £4m.

gene Anderson - benefiting from the dollar's value

acquisition to reduce its reliaccommon to reduce its restance on platinum. He said yesterday that a number of possibilities were being reviewed but he had no idea how long it would take to complete any deal. "It takes two to tango," he added.

The group, which in 1985 was brought to its knees by the collapse of its banking subsidiary, now has the financial strength for a big acquisition. Net borrowings were reduced during the year by £16.4m to £3.9m. JM generated £80m of cash and spent 260m. Shareholders' funds rose by £66.6m Much will depend on the attitude of its major share-holder, Charter Consolidated which has 38 per cent. Charter

is currently being reorganised by its major shareholder, Minorco, the South Africancontrolled investment com-pany. Mr Anderson, when

pany. Mr Anderson, when questioned about JM's relationship with Charter, said "it's business as usual."

There still had been no contact with the Cookson group which owns about 3 per cent of JM, he added.

JM, he added.

JM's turnover for 1988-89 increased from £1.24bn to £1.24bn. Operating profits were up 7.3 per cent to £67.6m. Interest charges were £0.8m up at £32m. Earnings per share on a fully diluted basis rose by 14.1 per cent to 28.4p and profit attributable to shareholders by 45.2 per cent to £64.2m.

Extraordinary items contrib-uted £12.3m and benefited from the settlement with Arthur Young, the group's former

auditors.
Only the materials technology division suffered a fall in operating profit last year, from £24.3m to £23.5m. Operating profit in the precious metals division was up 2.2 per cent to £23m; the catalytic systems division achieved a 19.9 per cent increase to £18.7m and the colours and printing division colours and printing division profits were up by 8.2 per cent to £10.6m.

Pay boost for M and S chairman

LORD RAYNER, chairman of Marks and Spencer, received a 21 per cent pay increase last year, according to the company's annual report published yesterday, His salary rose from £349,619 to £424,401.

M and S's rival retailer, J Sainsbury, was less generous in its salary review giving Lord Sainsbury, chairman, a 13 per cent rise from £140,000 to

Yet perhaps Lord Sainsbury can console himself in the knowledge that his stake of 47.5m shares in the company was -yesterday worth abont fil23.5m while his brother David's holding of \$37.4m shares was valued at over £877m. Their net dividend income was £2.61m and

£18.56m respectively. In Sainsbury's annual report, it was disclosed that the pay of the next highest paid director actually fell from £218,000 to £180,000.

But it is not clear whether this reflects the cut in salary of the previous highest paid director or a change in the director who receives the highest pay. Sainsbury refused to com-

ment on matters concerning individual directors' pay. Total emoluments, including pension scheme contributions, for Marks and Spencer's 16 directors rose to £2.8m. In the previous year, 18 directors

received £2.5m.
This compares with the company's 5.4 per cent gain in pre-tax profits from £501.7m to 2529m, and a 10 per cent increase in dividend payment for the year to the end-March. Sainsbury recorded a 21 per cent increase in pre-tax profits to £401.8m (£382.3m) in the

r to March 18. Its total diviyear to March 18. Its total divi-dend increased to 5.05p (4.2p). By recent standards the pay increases were not astronomical. Earlier this month, Coloroil, the home products group, revealed it had more than trebled the salary of Mr John Ashcroft, chairman and chief executive. From \$152,000 to executive, from £162,000 to

Lord King, chairman of British Airways, doubled his salary to £385,791 last year. And Mr Martin Sorrell, chairman of the WPP matheting group, saw his pay rise to £505,000 (£264,000).

DIVIDENDS ANNOUNCED Total last year 6.75 0.77 8.2 0.5 4.33 8.8 4.8 1.6 0.65 7 5.5 6.3 2.05 7.66 5.7 Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. **On capital increased by rights and/or acquisition issues. §*USM stock. §*Unquoted stock. **Third market ffincludes special dividend of 1.3p. **Intel pence throughout.

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as a matter of record only. The Council of The Stock Exchange has granted permission for all of the issued Ordinary Shares and Convertible Bonds of Anglo Group PLC to be admitted to the Official List subject to the posting of the Rule 520 Notice. It is expected that dealings in the Ordinary Shares and in the Convertible Bonds, nil paid, will commence at 9.00 am on Friday, 16th June, 1989.

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(Registered in England No. 2102279)

Hambros Bank Limited resuant to a Scheme of Arrangement Section 425 of the Companies Act 1985)

33,285,759 Ordinary Shares of 10p each of £49,928,638.50 nominal of 91/2 per cent. Convertible Bonds 1999

£7,100,000

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in Ordinary Shares of 10p each in Redeemable Preference Shares of £1 each

to be issued £3,328,576

Anglo Group PLC is an investment holding company whose principal operating subsidiary's main activity is to provide a sales support service for suppliers of business equipment through whom it offers lessing and instalment credit facilities to users of equipment. In addition, it offers financing facilities direct to end user customers.

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16th June, 1989

Scapa up 9.8% despite currency loss

By Philip Coggan

SCAPA GROUP, the manufacturer of specialist products for the paper and printing industries, yesterday unveiled a 9.8 per cent increase in pre-tax profits in the year to March 31, in spite of adverse currency

Last year's strong pound and weak dollar caused the group's US profits, which are more than 50 per cent of the total, to be translated at a less advanta-geous rate than during the pre-

The translation effect knocked £1m off profits and the strength of the pound also repayment of intra group debt and the assumption of Mer-cado's bank borrowings. The disposal, said Next, was a continuation of the strategy of concentrating on its core activities following the review last year. Other disposals include Zales, Salisburys and Allens.

slimmed margins on exports, costing around another £2m. Total pre-tax profits were £39.25m (£35.76m) on turnover of £254.8m (£242.1m).

Interest payable rose to £5.81m (£5.17m). After tax of £13m (£11.37m) and minority interests of £266,000 (£226,000) earnings per share were 29.3p (27.4p). There was an extraordinary debit of £6.28m (£4.64m) relating to disposal costs. The directors are proposing a final dividend of 6.23p (5.42p), mak-ing a total of 8.77p (7.68p). Capital expenditure hit a

management structure was s1.50. The group's business established, on a divisional position seems quite sound -

rather than geographical basis.

The previous year's figures have been adjusted to reflect a change in the accounting policy for deferred overseas taxation. A one-for-one scrip issue is being proposed.

Scapa is yet another company which will not be shedding too many tears if the pound con-Both its export margins and its US profits will look a lot healthier if the pound stays at

its principal customers are in the paper industry which is enjoying solid growth - and its products are added-value (in other words, they earn high margins). And as the paper industry faces more exacting standards from its customers, it may want more of Scapa's products. If sterling stays around current levels, pre-tax profits could reach £45m this year, putting the shares, up 11p at 294p yesterday, on an undemanding prospective p/e of 9.

Lowe buys rest of Lowe Marschalk

By Nikki Tait

LOWE HOWARD-SPINK & Bell, the advertising and public relations agency, is buying out the remaining capital stock in Lowe Marschalk, the US agency where it already holds

agency where it aiready holds a 30 per cent interest. The stock is coming from Interpublic, the large US adver-tising group, which sold the original 30 per cent interest to Lowe back in 1985. As a result, IPG will increase

its stake in Lowe from just under 25 per cent of the equity However, in order to avoid the requirement of a full bid, IPG is being issued shares with

restricted voting rights in Lowe as consideration. As a result, its control of the voting rights will he only 28.9 per

Lowe Marschalk started life in 1924, and by last year was achieving gross advertising revenues of \$44.6m. Its pre-tax profit stood at \$7.96m, while after-tax profits clocked in at

Lowe said yesterday that the sale agreement also includes revised arrangement for charg-ing of management service fees by IPG and for the sale of a loss-making regional office in San Francisco before the deal is completed.

If these measures had been in place last year, it puts the pro forma after-tax profit figure for 1968 at \$4.82m However, it warns that reve-

nues in the current year will show a drop on the 1968 level due to the loss of a large client account - Stroh's beer. Under the deal, Lowe is issu-

ing 4.33m new restricted voting shares to IPG. Each RVO can be converted into one ordinary share, pro-vided IPG does not take its voting stake above 29.9 per cent as

On the hasis of a Lowe Howard-Spink price up 3p to 428p yesterday, the initial con-sideration for the additional 70 per cent interest is £18.5m, and the maximum payable, £22.7m.

JS Pathology declines to £3.6m at year-end The company said that profitability for the year had been affected by the increased costs

independent clinical laboratory which graduated to the main market from tha USM in December 1987, reported pre-tax profits down to £3.6m in the year to end-March, although this was an improvement on the company's esti-mate made at the interim

stage.

The result was struck from turnover up to £10.49m and compared with pre-tax profits of £4m from turnover of £10m

of new premises in London's Harley Street, increased competition both nationally and internationally and the expense of designing a new laboratory in Camden Town, north London. After a reduced tax charge of

£1.3m (£1.4m) earnings per 10p share fell to 17.8p (£0.1p). The proposed final dividend of 3.7p makes a total for the year of

Hillsdown in meat purchase

Hillsdown Holdings, the food, furniture and property group, yesterday announced that it is buying Marshall (Lamber-huss), via its FMC Meat sub-

sidiary. Marshall owns a major lamb-processing plant in Kent, and exports a significant part of its production. No purchase price is being

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LOOKING FORWARD TO 1992

the new market opportunities.

Already well-established in Europe, we view

1992 and the Single Market as a fresh and exciting challenge. The opening of our new

autocatalyst plant in Brussels, the concentra-

tion of platinum metals fabrication on an adja-

cent site, and the expansion in Milan of our

metal joining materials unit, coupled with a

computer network serving all our European

locations, mean that we are well placed to grasp

EARNINGS PER SHARE GROWTH

Centreway up 16%

Centrewsy Trust, business expansion scheme manager, boat huilder and shoe maker, reported pmfits of £1.07m for the year to December com-pared with £916,000 last time. Turnover fell to £19.58m (£20.47m) and gross profits from £5.16m to £4.75m but this was offset by lower costs.

Tax took £110,000 (£162,000) so that earnings per 10p share almost doubled from 3.4p to 6.7p. The dividend is 1.5p (0.5p).

Johnson Matthey-using precious metals for all their worth

efining and marketing precious metals are just part of Johnson Matthey's wide field of activities. Operating in 25 countries, we exploit the unique properties of these, and other specialised materials, to provide an unrivalled range of products for applications as diverse as cleaning the environment, bringing new hope to cancer patients, decorating fine china, and satisfying the demanding needs of the electronics industry.



CLEANING THE AIR WE BREATHE

More than 200 million cars throughout the world are now fitted with autocatalysts. Using the catalytic properties of the platinum metals, they provide the most effective means of removing the pollutants from car exhaust gases. Johnson Matthey, who lead the world in autocatalysts, will soon open a new plant in Brussels, raising our European capacity to 6 million units p.a. as emissions control legislation takes

WINNING THE WAR AGAINST CANCER

Thanks to the special properties of certain precious metal compounds, some forms of cancer can now be treated successfully. Carboplatin, the platinum-based anti-cancer drug that rewarded 12 years' effort by Johnson Matthey



and the Institute of Cancer Research, is now saving lives in Britain, America and Canada. It is used mainly for treating ovarian cancer, one of the most common causes of cancer death among women. Much of our continuing research effort goes towards further biomedical applications of precious and

The world's pottery and glass manufacturers use Johnson Matthey's liquid precious metals, ceramic colours and decorative transfers. Matching the trend towards greater automa-



suited to automatic application by our customers. Our new high-specification equipment and expanded capacity in the UK and France will maintain our leadership in these specialised products.

ENSURING RELIABILITY IN ELECTRONICS

applications.

Sophisticated electronic components and equipment require basic materials of the highest purity. Johnson Matthey's refining, chemical and metallurgical expertise meets the most stringent specifications in products (some 99,9999% pure) for high-speed semiconductor devices, sophisticated circuitry for defence equipment and other

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Send to: The Company Secretary, Johnson Matthey Plc, New Garden House, 78 Hatton Garden, London ECIN 8]P.

Johnson Matthey JM®

The wisdom behind selling your core business

John Ridding analyses the reasons for and the motives behind beleaguered MBS' plan for survival

S HAREHOLDERS meet today to decide the fate of MBS, once the UK's largest personal compuler distributor, but now stricken, having plunged £14.1m into the red

On the face of it, the decision seems straightforward. The board is proposing the disposal of the core product sales divi-sion, responsible for the bulk of last year's spectacular losses, for a premium of £9m

The funds received will wipe out the group's f6m revolving debt and provide surplus cash for the expansion of the remaining computer services husiness.

The receipts will also allow the proposed huy-back of shares at a premium to their

current depressed standing.

This all seems very neat, particularly in such a critical situation, but the strategy raises a number of possible The first concerns the fact

that the proposed disposal is through a management huyout. If the existing management helieves that the husiness can be turned around. shareholders may well he won-dering why the division should be sold off.

This point is amplified hy

the fact that the product sales husinesses, In MBS' own words, "represent a very substantial proportion of the group's turnover and, prior to 1988, contributed a significant proportion of the group's prof-

Without this source, shareholders may wonder how MBS will again be able to generate earnings sufficient to return the share price to a respectable

A confident prediction of whether the loss-making division can be turned around flies in the face of experience.

The personal computer sector has experienced dramatic swings and MBS, in particular, has a history of bouncing from

crisis to recovery to crisis.

Its current plight is largely the result of IBM's decision at the end of 1987 to extend its UK distributor network from two outlets to eight. A price war ensued, with margins falling from around 11 per cent to around 3 per cent and MBS suffered particularly hadly because about 60 per cent of its earnings were derived from IBM products.

As a result, 1988 saw MBS fall from pre-tax profits of \$5.2m to losses of £14.1m with extraordinary charges of an additional £7m. Company debts soared to around £13m. The share price, over 70p in Sep-tember 1988, stood yesterday at

only 32p. Not surprisingly, Mr Derek Lewis, managing director of product sales and manager of Realnew, the vehicle for the proposed bny-out, and Schroder Ventures, its financial backer, believe that recovery is possible.

Mr Lewis has already turned one computer company, Com-

MBS Share price (pence)

1983 84 85 86 87 86

the issua is not so much

whether product sales can be turned round (and he believes

that there is little chance of a marked improvement in the

near term), but more the risks involved in the business. "I am very confident that

turbulence and volatility will continue in this market. Consequently it is not possible to promise, and deliver to our investors, a steady progression of profit growth," he says.

The second strand in MBS'

The second strand in MBS' argument is that the services husinesses, which will remain after the disposal, represent a promising alternative. According to Mr Williams, "we can now focus on what has been in the past one of the less glamorous parts of our business but which has been highly successful and profitable."

The services husinesses have

The services husinesses have

per cent)— £5.5m (£4.3m) -stemmed primarily from the low US tax charge anbd chang-

ing mix of US profits. Capital employed within the

group has increased from £71.1m to £85.6m while the

increase in borrowings has

meant that gearing has gone up from 14.5 to 38.6 per cent.

Earnings per 25p share are up hy one quarter over 1987-38 from 16.1p to 20.2p while the total dividend is lifted from

5.7p to 6.8p with a final of 4.9p

Pre-tax profit / loss (£m)

bro, from loss to profit and it is claimed that Realnew too will be seeing monthly contribu-tions by the end of the current

1983 84 85 86 87 86 89

Analysts offer a degree of support for this view, arguing that with tighter management, the removal of central overheads (which last year amounted to a staggering £6.18m), and a greater range of products, there is potential for improvement.

However, given the current stata of the husiness they argue that little more than break-even can be hoped for in the medium term. Much of the incentive for the huy-out, it is claimed, is that as a private company, Reainew will be more suited to dealing with its

Similarly, for Mr Owen Williams, MBS' current chairman,

a long list of contracts, many with blue-chip companies and stretching out for three years. The second largest contract, just re-signed, is worth more than £1m over the next three An ohvions objection

whether it makes sense to divorce the services businesses from the prodoct sales division, bence removing the possi-hility of cross-referrals. To a certain extent, tbls is addressed by a three-year trad-ing agreement between Realnew and MS, but how well this agreement works in prac-tice remains to be seen. More serious is the earnings power of the remaining busi-

nesses. According to the com-pany, operating profit on a pro-forma basis amounts to only £707,000 on turnover of £14.69m. In addition, analysts believe that the current services operations may be too narrowly based.

The rosiest acenarlo, involves a bid for the services business, which with cash boldings of about £14m following the disposal and the sale of Microtext, another subsidiary, would obviously have its would obviously have its attractions. Assuming a buy-back of about 20m shares, as suggested by the company, earnings per share could be in the region of up to 3p. A bid on an exit multiple of more than 15 could conceivably start moving the share price up to attractive levels.

attractive levels.

In such a situation, Mr Williams is clear where he stands.

currently facing a bid from the very Mr David McErlain whose

Strong second half helps LIG profit recover to £33.7m "In the shareholders' interests I would be obliged to consider any bld offering tomorrow's share price today."

By David Waller

It also seems that a fair

degree of interest has been

Speculation has centred on

Granada Computer Services, and other computer bust-nesses, but there has also been

interest from companies out-

side the sector attracted hy a cash-rich vehicle. However, the fact that no deal has yet been

arranged suggests the asking price bas been too high. Douhtless many sharehold-

ers are hoping for just such an outcome, but others remain unconvinced of the merits of the buy-out. Gartmore Securi-

ties, for example, one of the key institutional investors, is believed to favour the selective disposal of certain businesses but the maintenance of most of the product sales division.

Sucb sentiment has prompted speculation of a shareholder revolt. But this

has failed to materialise, partly because of a lack of alterna-tives but mainly becausa of one critical factor — the banks.

of agreements concerning a syndicated loan which was

syndicated loan which was extended 18 months ago. The banks have said that unless the disposal is completed by July 17, then they may demand repayment. With such a shotgun against their heads, most shareholders have prohably concluded thet, beggars can't be choosers.

MBS is currently in breach

LONDON INTERNATIONAL Group yesterday demonstrated that it has recovered from its first half problams when it announced pre-tax profits up by 7 per cent to £33.7m in the year to the end of March.

The consumer sarvices group, hest known for its Durex brand of condoms, had reported a shortfall at the interim stage after it experienced production difficulties in the US and a general fall-off in demand for the prophylactic. Yesterday's figures showed that the company mode 519 511 that the company made £19.5m in the second half against £14.26m in the first and £16.5m in the second half of 1987-88. Mr Alan Woltz, chaid he was chief axecutive, said he was pleased to see LIG back on a

growth track.

The problems in the US —
which arose hecause of the
poor quality of latex supplies
— took their toll, confining the growth in the contribution from health and household products. The profit was £27.3m, a modest £1.8m improvement on the £25.5m

made in 1988. In the US there was a turnround from a £5.9m profit the year before to a £100,000 loss. According to Mr Woltz, most of the reversal took place in the first half and manufacturing yields were now returning to normal. Market share, which fell from 31 to 24 per cent by volume, was beginning to climb back to previous levels. Mr Woltz said he was cheered by the performance of the Biogel rubber glove husiness, and by tha first full year's contribution from Hatulico, the Italian condom company bought in September last

More generally, demand for condoms was picking up after a period of destocking hy retailers who had overestimated the boom in the market.

Photoprocessing services increased profits from £10.4m to £12.7m on turnover up from

to £12.7m on turnover up from £80.6m to £94.6m; discontinued activities (the electricals businesses sold for £23m to RTZ this January) chipped in a profit of £700.000.

Borrowings fell from £96.7m to £77.1m over the year, giving gearing of 94 per cent. Of the borrowings, £50m is represented by a convertible bond, the cost of which is limited to 8.53 per cent.

8.53 per cent.

Turnovar on continuing operations for the year rose by 22 per cent to £297.4m. Earnings per share advanced from 17.5p to 17.88p; the final dividend is 4.9p making 7.25p (6.25p) for the full year.

Net costs and provisions relating to restructuring of manufacturing facilities across 8.53 per cent.

manufacturing facilities across the group cost £6.3m, after tax £3.6m, and are included in an extraordinary profit of £100,000.

• COMMENT

Yesterday's results from LIG were no more than in line with expectations. Yet that was enough to send the shares up 30 to 225p, reflecting investors relief that the company's prob-lems in the US and in the condom market more generally ware not more severe than they originally seemed. The strong second half is encourag-ing for the future; after the odd ing for the future; after the odd strategic false start (Royal Worcester), the company is now well positioned in solid, long term growth markets such as photoprocessing, surgi-cal gloves, health and beauty aids and condoms. This should mean a recovery to pre-tax profits of £42m in the current year, putting the shares on a prospective multiple of just over 10. Given that earnings should bound ahead at 15 per cent a year thereafter, the shares look cheap on that sort

SHARE STAKES

The following changes in company share stakes have bringing Its total holding of this class to 7.62m (21.15 per

BICC: Offer to shareholders taken up in respect of 17.11m new ordinary (77.6 per cent). The balance will be taken up by institutional and other investors. The closing date of the tender offer to acquire the outstanding common stock of Brintec is June 15, but may be extended. Business Technology: P James

and D Ellingham, directors, have both sold 100,000 shares at 285p per share, hringing their holdings to 2.52 per cent each. D O'Connell and M Tye, also directors, with T Ebsworth, have all sold 100,000 shares at 230p, bringing their holdings to 7.79 per cent each. Dagenham Motors: David Philip, chairman and chief executive, has sold 500,000 ordinary at 121p per share. He remains a holder of 1.15m ordi-nary (6.9 per cent). Charterbouse Development Capital and Gresham Trust now hold 1.99m ordinary each (12 per

Electrocomponents: Clerical Medical and General Life Assurance holds 10.15m (4.97 per cent); Standard Life Assur-ance holds 11.53m (5.64 per cent) and Scottisb Widows Investment Management 12.5m

cent).

(6.12 per cent).

Greenall Whitley: Greenall London and Manchester Group Holdings has acquired 2.69m 'A' ordinary, (7.48 per cent).

cent).

ISA International: J A Heap and P P J Vikanis, directors, have sold 700,000 and 400,000 ordinary (2.4 per cent and 1.4 per cent) at 130p per share, bringing their boldings to 3.05m and 2.54m (10.4 per cent) and 2.7 represents persentively. and 8.7 per cent) respectively.
River and Mercantile American: Water Authorities Superannuation Fund bas sold 500,000 capital shares, reducing

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cent). MBS: Eramon Securities has acquired 2.08m ordinary (2.06 per cent) in respect of the Trustees of The Oceanside No 2 Settlement. The total holding is now 7.62m (7.56 per cent).
Rotork: Control Techniques
owns 700,000 ordinary and Control Techniques' Retirements and Benefits Scheme owns a further 57,000 ordinary, giving an aggregate holding of 757,000 ordinary (2.7 per cent).

Servomex: Throgmorton Street Nominees, on behalf of Throg-morton Trust, has purchased 490,814 ordinary (5.05 per cent). Whitegate Leisure: J N Oppenbeim, chairman, has hought 1.25m ordinary at 33.5p, 100,000 at 34p, 75,000 at 35p and 100,000 at 36p, lifting his holding to 9.25m ordinary.

Cairn sale of Lignum oil assets

CAIRN ENERGY, the independent oll and gas pro-ducer, is to sell some of its US oil assets for \$17.2m (£11.3m) cash. The assets were acquired recently through the \$60m takeover of Lignum Oil from Pearson, the publishing, banking and industrial conglomerate which owns the Financial

The sale, which is line with the sate, which is the with the company's strategy of con-centrating its activities on US gas exploration and prodoc-tion, comprises three separate

Royalty interests on 90 onsbore wells have been sold for \$2.3m, plus the working interests of 25 wells for \$2.4m. In addition to this an agree ment has been reached, subject to shareholders' approval, for the \$12.5m sale of the working interests in a further 110 wells.

The sale will generate a sur-plus of \$1.5m over the acquisi-tion cost which will be used to reduce the deht raised in the

Lignum acquisition.
Cairn, which obtained a listing at the end of last year, also announced that it had successfully drilled three more appraisal wells on the Galvesappraisal webs on the Galves-ton Island Blocks 343 and 363 in the Gulf of Mexico. Inter-ests in the blocks were acquired as part of the Lignum deal.

Sea Containers bid hangs on **US** decision

By Andrew Hill

The US courts have yet to rule on whether Stena, a privately-owned Swedish ferry group, and Tiphook, the UK container reotal rompany, can go ahead with their hostile hid for Sea

Containers.

Tiphook and Stena's advisers had expected a definitive ruling late on Wednesday night, but Judge John Garrett Penn of the Washington DC district rourt is still making wind part of the Washington DC district rourt is still making up his mind about the \$824m (£348m) offer. Until he makes a decision, a

temporary restraining order prevents Tiphonk and Stena from pursuing their offer for Bermnda-registered owner of Seallnk British Ferries.

Acquisition and organic growth lift Staveley 20% Measurement's results bene-

Approval for RTZ deal

SHAREHOLDERS in the RTZ man, said RTZ expects to com-Corporation yesterday gave plete and pay for most of BP

By Kenneth Gooding, Mining Correspondent

PRE-TAX profits of Staveley Industries, tha measurement, mechanical and electrical services and manufacturing group, rose 20 per cent, from \$18.1m for \$3 weeks, to £21.8m for the \$2 weeks to April 1, against an 18 per cent increase from £205.5m to £243.1m in

The measurement, mechani-cal and electrical services and minerals divisions all showed good increases in trading profits of 31.4 per cent, 32.3 per cent and 13.4 per cent respectively; the exception was manufacturing wblcb sbowed a decline of 10.5 per cent because of pressure on export margins.

approval to the mining and industrial group's \$4.3bn pur-chase of BP Minerals. Conse-quently, provisional allotment

letters in respect of the rights Issue to raise about £486

towards the acquisition were

Sir Alistair Frame, the chair-

fited from the acquisition of Qualcorp in April 1988 and those from mechanical and those from mechanical and electrical services, a record trading profit of 24.5m, reflected the huoyancy of the UK construction industry. Minerals, despite the mild winter, had a good year on margin and efficiency improvements, Overall, the group's margins edged up from 9.4 to 10 per

Higher net interest charges, up from £1.2m to £2.6m, and net borrowings at £21.9m (£8.2m) reflected the acquisi-tion of Qualcorp, while a tax charge of only 25 per cent (24

Minerals assets on June 30

However, Western Mining of

Australia has three months to make up its mind whether to

exercise its pre-emptive rights to BP Minerals' 49 per

cent stake in the Olympic Dam mine in Southern

Staveley's strategy over recent partial furceased its contribution by a years resembles that of Coalite, solid 13 per cent (to £9.3m)

Company.

Anglo United group was earlier this year rumoured to hold a stake in Stavely. The plan was to use the cash generated by the mature business — in this case, salt-mining — to invest in supposedly hi-growth, hi-tech industries, in this case weighing machines and non-destruc-tive testing. The irony is that the ex-growth husiness — in essence, British Salt — has snddenly become dynamic, while the growth businesses have encountered problems. Thus, the minerals division

while the £2.2m increase in maasursment's profits (to £9.2m) is thought to be due solely to the February 1988 acquisition of Qualcorp. Yesacquisition of Qualcorp. Yes-terday's figures — in line with expectations at the pre-tax level although earnings were boosted by a lower than expec-ted tax charge — prompted a 7p rise in the share price to 196p. At this level, the shares are on a prospective multiple of about 9 if the company achieves 542m this year. At achieves £42m this year. At this level, the shares should be held in the bope that either the diversification strategy works, or the company ends up facing a Colaite styla break-up bid.

Downturn at slimline Carroll REDUCED PRE-tax profits of LS3.96m (£3.44m) compared with LE4.53m were announced made profits of £5.44m to previous year dividends

> (5.7p). The directors said that for the 12 months to end-Septem-ber tobacco profits were likely to be between £500,000 and £1m down on the record £12.82m

and various employees for £560,000 cash. Provincial will

meet certain other obligations. SAVOY HOTEL has bought a

controlling interest in St Quen-tin, the Knightsbridge restau-rant, grill and patisserie. UCL GROUP has conditionally agreed to sell its business of

selling and supplying micro-computer hardware and soft-

ware to PF for a cash consider-ation of £324,119.

first six months fell to 4.9p

achieved in 1987-1988.

COMPANY NEWS IN BRIEF

Carroll and

the Duhlin-hased tohacco,

aquaculture and direct market

ing group, for the six months

to March 31. Last time its print and packaging business, since

divested, contributed £602,000.

Total group sales rose from £110.36m to £111.15m with the

AMERICAN DISTRIBUTORS has hought White Plains Tobacco and Candy, of New York state, for \$750,000. Turnover of some \$14m should give profits around \$375,000 annually. in current year AD group profits should be some 12 per

cent up on 1988. ANTLER: Offer hy Wassall accepted in respect of 5.77m ordinary (95.5 per cent). Offer declared unconditional and remains open until further notice. Cash alternative now

ASSOCIATED BRITISH CON-SULTANTS has agreed to acquire James-Carrington and Partners for £725,000 to be isfied by the issue of 417,147 ABC ordinary. A further cash consideration of not more 80,000 is payable to the extent that work in progress has a value in excess of £285,000. BIBBY (J) & Sons has reached

agreement for the acquisition of the Azlon division of Astell Scientific (Holdings) for about £2.5m cash. Azlon manufactures and distributes a range of re-usable plastic laboratory

CANNON STREET Investments is planning the develop-

ment of a 72-bedroom hotel leisure club and cooference facilities at Phillipshill, east Kilbride. The investment in the project is expected to be in the region of £6m. COOKSON GROUP has acquired McDanel Refractory.

a producer of advanced ceramics, which is based at Beaver Falls, Pennsylvania.
F&C SMALLER Companies is paying a final dividend of 0.9p to make 1.3p (1.14p) for the year ended April 30 1989. Earn-

year enoco April 30 1909. Earn-ings 1.42p (1.28p). Net asset value 93.4p (81.5p). HEAVITREE BREWERY: Pre-tax profits £528,000 (£427,000) on turnover of £2.51m (£2.44m) for six months to April 30. Earnings 19.5p (15.7p) and interim dividend 3p (2.4p). HUGHES (HT) is acquiring a waste transfer station and waste collection service at Aldershot for £725,964, satisfied

which have been conditionally placed with institutions.

MACFARLANE GROUP (Clansman) has acquired Adhesive Labels of Slough for £335,000, satisfied by £90,301 cash and 107,797 shares.
MARLER ESTATES: Offer by

by the issue of 414,837 shares

Conrad Holdings (name now changed to Cabra Estates) has been accepted by bolders of 88.4 per cent of the ordinary capital and has been declared wholly unconditional. Ordinary offer remains open hut cash alternative has closed. Preference offer accepted in resect of 26.4 per cent.
MILLWARD BROWN: WPP is

to compulsorily acquire out-standing equity in Millward Brown. As at June 1, WPP held 6.54m shares in Millward Brown, representing 92.99 per MORAY FIRTH Exploration is

in negotiations which could lead to an all share offer being made for another exploration company. As a consequence its company. As a consequence us shares have been temporarily suspended pending publication of a circular. Negotiations are expected to be finalised by

P AND P has acquired Maxima Communications for an initial communications for an initial \$0.5m and a deferred amount up to \$0.75m may be payable dependent on Maxima's future profits. Maxima is a UK company in the Apple Mackintosh networking and communications distribution market.

PENNY & GILES International has, through two wholly-owned subsidiaries, agreed terms with Thorn EMI Technology for the purchase of stock, fixed assets business contracts and employee ohligations relating to the data recording businesses of Thorn EMI Data
Technology in the UK and
Thorn EMI Technology in the
US. Total cash consideration is £1.24m.

(£292,000) were incurred in aquaculture and £712,000

As already indicated, a first interim dividend of 4.1p will be

paid in July. A second interim of the same amount is forecast

for January 1990 - the current

(£2.21m) in direct marketing,

es of £742,000

PRIEST MARIANS is to pay £12m for the freehold interest of four properties in north-west London, collectively known as the "Oval Road Property". The vendor. Minty, is to receive a deposit of £600,000 with the balance of £11.4m payable on completion. In a separate announcement, Minty revealed that it had agreed terms for a recommended mergar with Norton Group, and the pro-posed acquisition is conditional upon the Minty offer becoming unconditional. Priest Marians has also acquired from Minty, for £1, an option to acquire Architectural Trading Co. for £1.25m cash. PTARMIGAN HOLDINGS has disposed of Provincial Butchers Supplies to its management

VIDEO TAPE Recording has agreed to acquire AV Department for an initial £600,000 to be satisfied via the issue of 521,740 ordinary shares. A further payment of up to a maximum £162,500 in shares is dependent on profits. AV, which specialises in audio visual facilities and production for the non-broadcast TV sec-tor, returned pre-tax profits of £50,660 for the year to end-Sep-tember and had net assets of 268,029. Unaudited figures for the first eight months of the current year showed pre-tax profits of £119,000. WYEVALE GARDEN Centres has acquired Peacock Farm Nurseries, of Merton, south

west London, for some £275,000

by ELFI Over 1 up to 2 _ Over 2 up to 3 .. Over 8 up to 4 .. 1138 1158 1112 1112 1138 1058 104 115 111₂ 113 113 113

"Non-quota loans B are 1 per cent higher in each case than non-quota toans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

PUBLIC WORKS LOAN BOARD RATES

Invitation

The Board of Directors of TUNGSRAM CO. LTD (1340-Budapest IV., Vaci ut 77., Hungary) hereby notifies that the Company shall hold its extraordinary general meeting

on 21st July, 1989 at 2 p.m in the Board Room of the Company at the above address [340-Budapest IV., Vact ut 77., Hungary.

The agenda of the extraordinary general meeting shall be as follows: 1.) Appointment of the members of the Board of Directors

2.) Appointment of the members of the Supervisory Board 3.) Amendment of the Articles of Association (minor technical modifications as to the place where to

deposit shares before the beginning of the Meeting) 4.) Acceptance of the Statute of the Board of Directors According to § 13 of the Articles of Association only those shareholders are entitled to vote at the

extraordinary general meeting whose shares have been deposited at the latest three days before the meeting with Central Corporation of Banking Companies (1093-Budapest IX., Szamuely u.38., Hungary) or with Girozentrale und Bank der Oesterreichischen Sparkassen AG. (Schubertning 5, A-1010 Wien. Austria) and who have received a written confirmation of the deposit.

According to § 13 of the Articles of Association the shareholders may exercise their voting right personally or by proxy, and legal entities and corporations may be represented by their duly

The written confirmations of the deposit of shares, proxies and authorities of officers of legal entities and corporations duly completed must be deposited on 21st July, 1989, between 1 p.m. and 1.45 p.m. in room No 107 at the above address of the Company at 1340-Budapest IV., Vaci ut 77., Hungary, where the shareholders or their proxies or representatives shall receive their confirmation of their entitlement to vote.

SWEDISH INDUSTRY

The Financial Times proposes to publish a Survey on the above on

30th June 1989

For a full editorial synopsis and advertisement details, please contact:

Chris Schaaming on 01-873 3428

or Gillian King on 01-873 4823 or write to them at: Number One, Southwark Bridge

FINANCIALTIMES

London SE1 9HL.

US. \$200,000,000



Floating Rate Notes Due 2000 issued 12th September 1985

Interest Period

14th March 1989 14th September 1989

Interest Amount per U.S. \$50,000 Note due

14th September 1989 U.S. \$2,522.49

Credit Suisse First Boston Limited Agent Bank

UK COMPANY NEWS

'Satisfactory result' considering last summer's 12-week strike

VSEL marginally down at £17.1m

VSEL CONSORTIUM, the defence contractor which builds Britain's Trident-carying submarines, reported only a fractional decrease in pre-tax profits from 217.63m to 517.08m in the year to March 31. despite a 12-week stylke last summer

Lord Chalfont, chairman, said he considered this a very satisfactory result considering the problems the consortium had experienced in the period. He said the company had recovered well from its indus-trial dispute and he was impressed by how quickly peoimpressed by how quickly peo-ple had got back to work. "There is a really positive and co-operative attitude now," he

Turnover rose to £465.88m (£429.59m), but this increase was partly due to the materials bought and snb-contracted work done during the strike period.

GOWRINGS, a motor, leisure

and investment concern, is joining the main market via a £4.4m placing — all of which

raises new money.

The placing is of 2.75m shares at 160p each to give a

market value for the company.

of £14.48m. The historic p/e is

12.8 and the net asset value per share at the last balance sheet

date 2280.

Gowrings' motor division, the historic core of the com-

pany, comprises two Ford main dealerships, an additional four

petrol forecourts and a company supplying converted vehicles for wheelchair passen-

Weak market conditions hit Bradstock Group in the half year ended March 31 1989 and

pre-tax profits fell from £3.81m

Despite the difficult circum-

stances the directors are confident in the future and are lift-

ing the interim dividend from

pre-tax profits up to £1.51m (£1.3m) in the half year to

M.E.

By Clare Pearson

Gowrings to join main

Bradstock falls back to £3m

London Scottish Bank rises to £1.51m

Earnings were 2.2p (2p)
£1.3m) in the half year to

April 25.

Turnover rose 20 per cent to

Earnings were 2.2p (2p)
before extraordinary profits of
£554,000 this time. The interim
dividend is 0.75p (0.65p).

MERCURY SELECTED TRUST

(SICAV)

PAYMENT OF DIVIDEND

Notice is hereby given to Shareholders that, following a Resolution passed at the Annual General Meeting of Shareholders held in Luxembourg on 15th June, 1989, final dividends for the year 1983 of USSO.60 per share for the Global Managed Carrency Fund, USSO.15 per share for the North American Opportunities Fund, USSO.35 per share for the United Kingdom Fund, USSO.10 per share for the Yea Global Bond Fund and USSO.10 per share for the Yea International Equity Fund have been declared.

These dividends will be paid from 29th June, 1989 to Bearer Shareholders of the respective Funds against presentation of Coupon No. 3 for the United Kingdom Fund, Coupon No. 3 for the North American Opportunities Fund, Coupon No. 4 for the Global Managed Currency Fund, Coupon No. 6 for the Yon Global Boud Fund and Coupon No. 4 for the Yen International Equity Fund at any of the Company's Paying Agents Including its Paying Agent in the United Kingdom:

S. G. WARBURG & CO. LTD.
Paying Agency. 2, Finabury Avenue, LONDON EC2M 2PA

from whom claim forms can be obtained. United Kingdom tax will be deducted from chains in the United Kingdom at the rate of 25 per cent, unless claims are accompanied by an affidavic.

These dividends will be paid on the 29th June, 1989 to registered Sha the respective Funds who are on the register at 15th June, 1989.

Final dividends will not be paid on the remaining Funds.

16th June, 1989

London Scottish Bank reported £12.74m (£10.62m).

market with £14.5m tag

The directors are recommending a final dividend of 8p. which will increase the yearly payment to 11p (10p).

However net earnings per share fell to 44.1p (46.3p). During the year, VSEL deliv-ered Campbeltown, a type 22 frigate, and Trenchant, a Trafalgar class submarine. VSEL is still competing for the contract for the type 23 frigate, which should be decided later

which should be decided later this year.

VSEL also has great hopes for winning a Ministry of Defence howitzer contract with its AS90 self-propelled gun.

"It is a beautiful piece of artillery," enthused Lord Chalfont, "and, if we succeed in winning the contract, our winning the contract, our export prospects would be

rosy."
The company already has orders on its books worth £2.7bn (£2bn), about 70 per cent of which is represented by the

Its leisure division owns and

training company. Investments

include significant sharehold-ings in Newhury Racecourse and Consolidated Radio Hold-

Pre-tax profits have risen to £1.09m in 1988 from £212,000 in

1984. There is no profits fore

cast, but the directors say the current year's trading is going well and Gowrings is upgrad-

ing and developing its existing

£5.89m. Earnings fell to 7.2p

(9.9p).
The directors reported that

submarine programme. Pre-tax profits by division were: submarines and surface warships £15.69m (£18.07m); fleet support £1.61m (£2.66m); armaments £5.92m (£2.8m); and engineering products £650,000

(£598,000). Dr Rodney Leach, the former chief executive who had guided the company through its priva-tisation, retired in December because of ill health. His successor has not yet been

COMMENT

VSEL staged a good second-half recovery after being £2.31m adrift of the previous year's figures at the interim stage. Now that the cause of the dispute (holidays) has been sorted out, VSEL can happily return to what it does best building weapons systems of mass destruction. Despite Lord Chalfont's claim that Mr Gorb-

achev has created the climate in which arms reductions are the order of the day, VSEL still has plenty of future work, as is evidenced by the company's staggering order book. And even more lush contracts may be in prospect, if the fickle Canadian government decides to opt for a conventional submarine programme and if contracts follow discussions with the Ministry of Defence, and the Malaysian and Sandi Arabian governments. Pre-tax profits for the year may rise to f22m which would put VSEL on a prospective multiple of about 8 – hardly expensive in view of the income flow. The company believes that because of the strength of its order book, it is the envy of its sector and VSEL may be proved right. Takeover speculation has been persistent and, despite compli-cations, a hidder might yet sur-

Treatt to join USM with valuation over £10m

TREATT, a supplier of essential oils and aromatic operates a golf course near Newbury, in Berkshire, five residential parks, three Burger chemicals, is being brought to the Unlisted Securities Market by Hambros Bank, in a placing King restaurants and has a 50 per cent interest in a media that values it at £10.07m.

The company started trading as an essential oil merchant in the City of London in 1886. It supplies, merchants, blends and distils oils for fragrance, food, soft drinks, pharmaceuti-cals, soap and detergent busi-

Its oils, which are sourced from 55 countries range from citrus oils, such as grapefruit, lemon and lime, to spice oils such as ginger, clove and cinThe company said it would be able to take advantage of international trends by supply-ing natural ingredients to the flavour and fragrance indus-

try.
Treatt made a pre-tax profit of £1.1m (£619,000) for the year to September 30 1988. It forecasts a pre-tax profit of at least £1.35m for the current financial year. On that basis the com-pany has a prospective price earnings multiple of 11.1

Some 2.29m shares are being placed at 107p by Laurence Prust, broker. Deslings are expected to start on

John Tams up 10.5% to £2.36m

John Tams Group, USM-quoted maker of ceramic mugs and tableware, lifted turnover and profit 10.5 per cent in the year ended March 31 1989.

both the direct insurance and reinsurance sides of the busi-ness suffered. Although the Significant growth was looked for in the current year, said Mr Gerald Tams, chairgroup raised market share, low and reducing rates, plus the weak dollar, had their affect. man. The contribution from Premium and rates showed little sign of hardening. The Duchess China (A.T. Finney, acquired in January) was Turnover in the period was static at £7.72m but administration expenses rose £1m to reinsurance. already apparent and the development of its full potential was a major priority.

Turnover of the group, which came to the USM a year

which came to the USM a year ago, rose from £11.18m to £12.34m, while profit reached £2.36m (£2.14m).

Earnings were 8.25p (7.41p) and the final dividend is 2.4p for a total of 3.6p.

Mr Tams said the current year had started very well

year had started very well. Order situation for bome and export was healthy, with demand for coffee mugs at a

Growth restricted at Colorvision

Investment costs restricted the growth in pre-tax profit to 11 per cent at Colorvision in the half year ended March 31 1989. Also, the government's aim to curb consumer spending began to affect trading in the latter part of the period, and had continued into the second half, said Mr Neville Michael-

son, the chairman.
This USM-quoted retailer of television and video recorders operates from 58 outlets and by the year-end expects to open another four. Its pre-tax profit dend is 1.95p (1.73p).

was £2.13m (£1.92m). Turnover advanced 58 per cent to £18m (£11.8m), but operating profit was little changed at £1.77m (£1.7m). Costs were incurred for increased invest-ment in new premises. Also, significant expenditure was made in satellite broadcasting: initial sales of dishes were good and after a short period of decline, were beginning to pick up again, the chairman stated.

Earnings were np to 6.79p (6.11p) and the interim dividend in 1950 (170).

Electra Investment doubles profits

Electra Investment Trust, which provides equity finance for unlisted companies in the UK, Europe and the US, reported net profits more than doubled at £5.24m, against 52.42m, in the six months to

The net assets attributable to shareholders at March 31 were £517m, against £457m at September 30 last year. The fully diluted net asset value at the interim date was 316.35p per share, which compares with 281.53p last Saptember

and 326.46p at May 31 this year. The rise in the eight-month period between September and May was 15.96 per cent, which compares with one of 18.27 per cent for the FT-A All-Share

In the period, the company's unlisted portfolio moved up to £327.6m (£270.06m), while the listed portfolio was reduced to £194.54m (£221.28m).

Earnings per share more than doubled to 3.435p (1.614p) and an interim dividend of 2.7p (2.4p) has been declared.

Ford Sellar Cambridge Instrument meets in £84m City forecasts with 68% rise offer for

By John Ridding

CAMBRIDGE INSTRUMENT, 2573,000 to £1.95m. the scientific and optical equipthe scientific and optical equipment group, yesterday announced pre-tax profits of 55.85m for the year to March 31, an increase of 68 per cent and in line with City forecasts.

Mr Terry Gooding, chairman, said the results "indicated a significant recovery from the problems of 1987.88"

The offer, which is being funded by a loan from Bankers Trust. represents a major expansion for Ford Sellar Mor-ris, which is capitalised at just from the problems of 1987-88 when weakness in the semicon-ductor markets prompted a 50 per cent fall in profits to £3.5m. £46m. Following the purchase the combined group will have a gearing ratio of around 200 Sales increased 13 per cent to £127.92m and earnings per share rose from 3.11p to 5.49p. A final dividend of 0.61p (0.55p) gives a 0.85p (0.77p) total.

However, Ford Sellar Morris intends to make a series of dis-Much of the improvement posals following the acquisi-tion which will bring down the resulted from the first full year contributions from Bausch and gearing level to around 80 per cent. It will definitely be sellomb's optical businesses and LKB's specimen preparation businesses which were both ing Brookmount's 10 per cent stake in Trafalgar Brook-mount, the company which is acquired at the end of 1987. The company did not break down the contributions from developing a 340-acre site at Weybridge in Surrey. The price has been agreed with the purchaser, Trafalgar House, at 24.15m. the sequisitions. However, the optical instruments division

Brookmount joined the USM in January 1986 with a market capitalisation of £7.8m. Its early property interests were primarily in Northern Ireland but the group expanded on to the mainland, notably through a planned development of a ew national sports stadium

Brookmount

FORD SELLAR Morris

Properties has launched an

agreed cash offer for fellow

property group Brookmount valuing the latter group at

By Philip Coggan

Yesterday Brookmount revealed its preliminary results for the year to March 31 which showed pre-tax profits more than doubled at £11.49m (£5.24m) and fully diluted earnings per share up 56 per cent at 36.3p (23.3p). The company amortises good-will through the profit and loss account over a period of

The offer is 600p per ordinary share and 328p per convertible share. Shareholders owning 50.3 per cent of Brook-mount's equity have irrevoca-bly agreed to accept the offer. Brookmount made a two-for-five rights issue at 650p before

the 1987 crash.

Mr Irvine Sellar, chief executive of Ford Sellar Morris, said that Brookmount would add to the group's geographical coverage — FSM is based mainly in the South East, Brookmount is based in the Midlands. Scotland and North-Midlands, Scotland and North-ern Ireland.

Ford Sellar Morris was formed when Sellar Morris Developments reversed into the retail group Martin Ford in 1987. The retail division has

since been sold. Yesterday, Brookmount's shares rose 50p to 585p while Ford Sellar Morris's rose 1p to 108p. Brookmount is being advised by N M Rothschild and FSM by Bankers Trust and Barclays de Zoete Wedd.

Gartmore American progresses

Gartmore American Securities gross revenue rose from £1.2m to £1.8m in the year to March 31. Directors have proposed a final dividend of 1.2p making 2p (1.6p); there is also a special dividend of

1.3p.
Income from dividends totalled £954,257 (£907,400) while intsrest receivable amounted to £373,036 (£6,703) and interest on deposits to £464,288 (£241,723).

Pre-tax revenue emerged at £1.17m (£570,713) and tax charged was £3.77,979 (£177,537) leaving earnings of 4.42p (£1.19p) per 25p share. Net asset value over the year. rose from 171.3p to 183p.

Mr Gooding said the Cambridge Instrument seems restructuring of the new busi- to be back on course following to be back on course following nesses and their integration the disappointments of 1987-88. But it will be a while yet into existing operations was proceeding well. He said that on completion, the integration of its US operations could before the company reaps the full benefit of its recovery strategy. With the original Cambridge plant set to stay in result in profit improvements the red until 1990-91 and with the integration of its US optical the integration of its US optical production only one-third of the way through, the current year is unlikely to to excite. Nonetheless, operating margins are improving, up from 3 per cent to 5 per cent, and orders are reasonably buoyant. Combined with a lower interest charge following its indusbridge operations, which suf-fered most from the semiconest charge following its industrial products disposal, these factors should ensure pre-tax profits of £6.8m. The implied prospective multiple of just over 10 represents fair value, and the recent run up in the share price is unlikely to go too much further. The joker in the pack remains the prospect around fism to assets.

Mr Gooding said the company was suffering from "an intensifying skills sbortage." of an acquisition and Mr Gooding's reference to "our strong balance sheet" suggests some-

Allen coming to USM via placing

in the region of \$5m (£3.33m).

ductor downturn, continued to

exceed £1m. However, a new

product range was due to be launched and with reduced

manufacturing and administra-tion costs the business should

return to profit next year. The industrial products busi-

nesses, which were marginally profitable but described as "not

strategically important," were

Another boost to the balance

sheet was provided by a prop-erty revaluation which added

sold in March for £5.5m.

Losses at the group's Cam-

By Vanessa Houlder

ALLEN, a north west-based housebuilding group, is coming to the Unlisted Securities Market in a placing that will value it at £24.6m

increased profits from £2.6m to £5.02m and the scientific

instruments division rose from

Barclays de Zoete Wedd announced that 4.2m shares would be placed at 110p per share, representing 18.8 per cent of the group's share capi-tal. 75 per cent of the shares are being placed through BWD Rensburg and 25 per cent through Henry Cooke, Lums-

Allen is involved in contracting in the private and public sectors, housebuilding (predominantly in the low to middle price range), hire services

thing may be in the offing.

and property development.

Pre-tax profits for the year ended March 31 were £3.99m (£1.82m) on turnover of £43.41m (£32.83m). At the placing price, the shares have a price earnings multiple of 8.5.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any socurities of Treatt PLC. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the ordinary shares of Treatt PLC issued and now being issued in the Unlisted Securities Market. It is emphasised that no application been made for these securities to be admitted to listing. It is expected that dealings will commence on 22nd hone, 1989.



Hambros Bank Limited

of 2,286,031 ordinary shares of 10p each at 107p per share

Treatt is a supplier, merchant, blender and distiller of essential oils and aromatic chemicals which are used as flavour and fragrance raw materials in a wide variety of consumer products.

Share capital

Authorised £1,250,000

Issued and now being issued, fully paid £941.500

Ordinary shares of 10p each The ordinary shares now being placed will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company in issue

following the Placing. In accordance with the Rules and Regulations of the Council of The Stock Exchange, Laurence Prust & Co. Ltd., NatWest Stockbrokers Limited and Laurence Keen & Co. are placing 1,714,523; 285,750 and 285,758 ordinary shares respectively.

Particulars relating to Treatt PLC are available in the statistical services of Extel Financial Limited and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 30th June, 1989 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A IDD and up to and including 30th June, 1989 from:

Hambros Bank Limited 41 Tower Hill, London EC3N 4HA.

Laurence Prust & Co. Ltd.

27 Finsbury Square, London EC2A 1LP.

NarWest Stockbrokers Limited Garrard House, 31 Gresham Street London EC2V 7DX.

Treatt PLC Northern Way, Bury St. Edmunds,

Suffolk IP32 6NL Laurence Keen & Co. 49-51 Bow Lane, Cheapside, London EC4M 9LX.

CORPORATE FINANCE

For a full editorial synopsis and advertisement details, please contact:

on 01-873 3461 or write to him at:

Number One, Southwark Bridge London SEI VHL.

FINANCIAL TIMES

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or to purchase shares. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the whole of the ordinary share capital of Allen Pic, Issued and now being issued, in the Unlisted Securities Market. It is emphasised that no application will be made for these securities to be admitted to the Official List. Dealings are expected to commence on



nies Acts 1948 to 1967 No. 927680)

Placing by BARCLAYS de ZOETE WEDD LIMITED of 4,201,280 Ordinary shares of 5p each at 110p per share payable in full on acceptance

> Share capital following the placing

Authorised

£1,400,000

Ordinary shares of 5p each

Insued and fully paid £1,116,512

Allen Plc and its subsidiaries are engaged, principally in the North West, in industrial and commercial contracting, housebuilding, hire services and property development and investment Of the 4,201,280 Ordinary shares placed 75 per cent, have been placed by BWD Rensburg Ltd and 25 per cent.

have been placed by Henry Cooke, Lumsden plc. Full particulars relating to the Company are available in the statistical services of Extel Unlisted Securities Market Service and copies may be obtained during normal business hours up to and including 1st July 1989

Bardays de Zoete Wedd Limited 50 Fountain Street Manchester M2 2AS

BWD Rensburg Ltd Silkhouse Court, Tithebarn Street Liverpool L2 2NH

and at the registered office of the Company, New Springs, Wigan, Lancashire WN2 1DL and, during normal business hours on 20th and 21st June 1989, from the Company Announcements Office, The Stock Exchange, 46 Finsbury Square, London EC2A 1DD (for collection only).

16th June 1989

NOTICE to the holders of THE DOW CHEMICAL COMPANY (Incorporated with limited liability under the

laws of the State of Dalaware, U.S.A.) 150,000,000,000 7 per cent. Bonds 1994 (the "Bonds") NOTICE IS HEREBY CIVEN that, the following Paying Agent for the Bonds will resign its appointment as a Paying

EBC AMRO BANK LIMITED, LONDON (formerly EUROPEAN BANKING COMPANY LIMITED) netrice Source, London EC2M 4HS THE DOW CHEMICAL COMPANY by The Bank of Tokyo, Ltd. as Fiscal Agent

VESTLANDSBANKEN US\$5,000,000 Subordinated Floating Rate Notes Due 1992

Agent as from July 17, 1989.

1989 to 19th December 1989 fixed at 9-4375% per annum. interest payable on 19th Decamber 1989 will be \$23,986.98 per note of US\$500,000 denomination. Christiania Bank

London Branch Agent Bank

For the six months, 19th June tune 16, 1999 Agent Benk

The Financial Times proposes to publish a Survey on the above on

12 July 1989

DAVID REED

Nation to the holders of INOPEAN DIVESTMENT BANK talka Lira 200 B.B. ting Rate Hoise Day 1985

MERCURY SELECTED TRUST

ic. 4 due from June 9, 1989 to r 11, 1989 will be payable ember 11, 1998 at the rate of 12,625%

COMMODITIES AND AGRICULTURE

Aluminium producers woo the green vote

Kenneth Gooding on efforts to stress the metal's "environmentally friendly" qualities

ource: European Aluminium Associati

at Alcan Deutschland, suggests

that the trend has as much to

do with trade protectionism as with environmental issues.

150 bottling and filling plants in each country. We will have mega-plants with enormous

capacities able to serve several

countries," he predicts. Switzerland in particular seems to

be attempting to put barriers in the way of this change and protect its bottlers. "But the

refillable bottle only makes sense if it is distributed within

100 kms of the bottling plant," Mr Wirtz insists. "The answer

With this in mind, five com-panies (three based in the US

Alcan, Alcoa, and Reynold Metals - Pechiney of France and VAW of West Germany) have set up the Aluminium Can Recycling Association with a control of the control of th

with about 25 people perma-nently employed on promoting

recycling.

Mr Wirtz says that, if their efforts are to be worthwhile,

the country concerned must use enough aluminium bever-

age cans to make recycling via-hie. In West Germany, for

example, fewer than 15 per cent of the beverage cans are made of aluminium so it would

not he economic to spend

recycling campaign money

The UK, on the other hand, is a prime target. Only about 5 per cent of the 4.25bn aluminium beverage cans used are

currently recycled. The Recycl-

ing Association is to start a

new campaign in the UK at the

is a recyclable container.

"After 1992 there will not be

HE DAY will come wheo car junk yards will disappear and Europeans will insist that all their new cars are made from materials which can be recycled or disposed of without harm to the eovironment. There might even be a "disposal fee" placed on materials which do not meet the criteria, according to Mr Theodor Tschopp.
He welcomes the concept

because it must surely encourage the car makers to use even more aluminium - already there is between 40 and 50 kg in the average European car. And Mr Tschoop has a vested interest in this developing treod because he is chairman of the European Aluminium

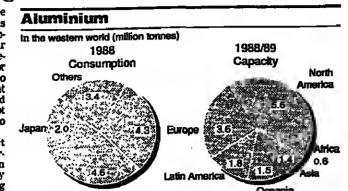
The associatioo currently is stressiog that the metal lt makes is environmentally "friendly." In western Europe this chould not only be of benefit to the industry in the face of growing consumer awareness of environmental issues but also help save energy costs and cut a growing and costly import hurden. Western Europe's primary

aluminium imports reached a record 450,000 tonnes last year and the European Aluminium Association says there is little hope of capacity increas ing along to reduce the load.

Uoless recycling can be stepped up, all the expected future growth in aluminium consumption — about 2 per ceot annually over the next five years — will have to be

satisfied by imports.
Currectly about 35 per cent of total aluminium consump-tion in Europe is from reclaimed scrap — and the industry claims production from scrap saves about 95 per cent of the eoergy required to produce new metal.

Last year the amount of recycled material registered was a record 1.6m tonnes. Already as much as 70 per ceot of the metal used in electrical engineering, building and transport is re-used, often again and again. So the industry helieves that the sector with the greatest potential for recycling growth is the bever-age can market.



This is also one of the fastest-growing areas of alumin-ium consumption, currently accounting for ahout 11 per cent of aluminium usage in

western Europe.
About 6bn of the 16bn beer and soft drinks cans used in the region last year were made from aluminium. The industry has set itself the target of building its share of this particular part of the packaging market to at least 50 per cent

it hopes to push the canners in the required direction hy emphasising that the alumin-ium can offers a better prospect for recycling hecause it bas enough scrap value for a collection and reprocessing infrastructure to be put in place. This is not true for steel

The steel can makers point out in their defence that primary aluminium is so expensive that it simply would not make economic sense to use it for beverage cans unless large quantities were recycled. So far there has been no let

up in the intensely hitter strug-gle between the two materials erage can market even though they are both face a new A number of European countries - Anstria, Denmark, italy, Switzerland and West

Germany among them – are seriously considering putting a ban on all one-way beverage Mr Alexander Wirtz, general manager can recycling Europe that eventually the country will match the US record - 58 per cent of aluminium cans are recycled there.
The campaign will also be

helped by British Alcan Aluminium's recently-announced decision to build Europe's first aluminium can recycling plant, at a cost of nearly £20m, close to its existing plant near War-rington, Cheshire.

end of this month and hopes

British Alcan is looking ahead with its investment because initially it will have to import used containers from the US as feedstock. Elsewhere in Europe, the

Recycling Association's efforts have huilt aluminium can recycling in Greece to 20 per cent in less than four years. In Italy it has encouraged more than 500 municipalities to start campaigns and in these areas the recycling ratee vary between 15 per cent and 20 per cent. In Switzerland the rate is a little better at nearly 22 per

The Recycling Association looks at Sweden with mixed feelings. The recycling rate there is 85 per cent - but this was achieved because the Government imposed a mandatory deposit scheme on all contain-ers and the association is not in favour of such schemes. According to the KAA's Mr

According to the EAA's mar. Tschopp, the industry's search for metal to recycle will also be helped by the increasing volume of scrap resulting from aluminium industrial goods and their nearth life.

ending their useful life.

All this is taking place at a time when the European aluminium industry has been chalking up records on all fronts - for consumption, pro-duction and, in many cases, in profitability. Last year primary alumin-ium production reached 3.5m.

tonnes and consumption was
4.3m tonnes, imports filled the
gap, about half of them "tied"
imports from the overseas
facilities of the US-owned companies operating in Europe.

Mr Tschopp insists that, although the global trend is for primary aluminium production move to areas of low-cost hydro-electric power, western Europe could not follow

Japan's example and eliminate most of its capacity. It needs to maintain a reasonable level of production to feed its growing domestic market.

He expects increases in capacity in the region - including Pechiney's planned 200,000 tonnes a year smelter at Dunkirk - to do no more than replace closures.

In comparison with his views about production, Mr Tschopp paints an optimistic picture about future alumin-He suggests that in the auto-

notive sector, for example, growth in aluminium use will be supported by a continuing trend towards weight reduc-tion. This will produce lighter, more fuel-efficient vehicles.

He also predicts dynamic growth in the use of aluminium in rail cars. The rapid growth of European high-speed train networks plus major projects such as the Channel Tuncel and new translet the state of the channel truncel and new translet the state of the care of the ca nel and new tunnels through the Alps will produce a boom in the construction of rolling

Then there are five important areas where the industry must act to help itself, says Mr

Tschopp.

First, the industry must speed up technical development, to produce higher-quality products, as well as new materials to meet changing industrial demands. industrial demands.

Next, the industry will need to make the hest use of its new-found financial strength, carefully choose where it invests its cash and be prepared for new partnerships to respond to changing market conditions such as the Euro-pean Single Market.

Third, an adequate supply of primary metal must be secured to guarantee the smooth opera-tion of the sophisticated European transformation and fabri-cating plants.

Fourth, the industry must develop new markets such as beverage cans in Europe.

"Finally," says Mr Tschopp, "we must do everything to ensure that aluminium recycling works all over Europe and that it is accepted and eup-ported by the consumers."

Soyabean markets in confusion over Soviet buying rumours

By Deborah Hargreaves in Chicago

CHICAGO'S SOYABEAN futures complex was in confusion yesterday as rumours circulated of large purchases by

the Soviet Union.
It was the turn of soyabean meal futures to increase on rumours of Russian buying, as traders rushed from the soya-bean oil pit where they had pushed prices to their daily limit on Wednesday. Oil futures took a pounding as a rumoured 200,000-tonne sale to

Moscow failed to materialise.

"We've been talking about potential sales to the Soviets for two months now, but who knows when it will happen," said Mr Dan Markey, president of Agri-Analysis in Chicago.

Mr David Asbridge, economist at the American Soybean

Association, believes processors have been getting over-excited about sales of oil to the Soviets. At this time of year, Moscow would typically be huying its beans from South America, hut drought in Argentina and chaos over the Cruzado in Brazil have cut the crop's availability.

The Soviet Union was forecast to import some 150,000 tonnes of soyabean oil from all sources this year and the rumoured 200,000 to 388,000tonne purchase from the US would take its imports close to a peak. "It would be a significant sale and could set a prece-dent for the Russians huying American oil... that'e why everyone is getting so excited," said Mr Asbridge.

Meanwhile, Mr Markey believes the market is currently performing well, "it isn't bullish of itself, we just realise we've overdone the downside on some of these crops," he

In response to the lack of drought this spring, traders had pushed futures prices as

had pushed futures prices as low as if the crop was already safely harvested. "But we still have a lot of anxiety to go," said Mr Markey.

The latest iong-range weather forecast for the Midwest ehows normal rainfall for this time of year. However, farmers had been hoping for above-average precipitation to replenish sub-soil moisture reserves that will be so crucial in the July growing season. in the July growing season.

US studies sugar policy options

By Nancy Dunne in Washington

CONGRESSMAN Jerry Huckaby, chairman of the cot-Jerry ton, rice and sugar subcommit-tee in the US House of Representatives, said this week that the US will maintain sugar

supports "as long as the European Community does."

However, he is considering various options for changing the US sugar import quota programme to make it compatible with international trading with international trading rules within next year's Farm Bill. The Council of the General Agreement on Tariffs and Trade is expected next week formally to accept a report finding that the current programme a violation of the Gatt.

There is, within Congress, a widespread resentment that the EC'e sugar enbsidies, which boosted Community pro-duction, are permitted under the Gatt.

Mr Huckaby is considering a scheme combining domestic production controls and a quota syetem, which is believed to be consistent with Mr Clayton Yeutter, the US Agriculture Secretary, recom-mended acceptance of the Gatt report, while telling US sugar producers that the US has "a resemble amount of time" to

reasonable amount of time" to make the changes needed. Under the current scheme the foreign share of the US sugar market has fallen from

45 per cent to 13 per cent, while the domestic portion has risen from 55 per cent to 87 per cent. The US maintains prices at about 22 cents a lh, far above the world price, making sugar production so lucrative that output has risen 23 per cent while consumption has dropped 17 per cent.

The Bush Administration faces stiff legal constraints in making administrative changes, according to a report issned hy the Congressional Research Service last week. By law, the Administration is required to eupport domestic sugar prices at 18 cents a lb. it keeps them at 22 cents to avoid loan defaults.

The US could convert its quotas to tariffs, hnt there is a quotas to tarins, and there is a limitation to US refining capac-ity. Refined sugar would then have to be imported, which would be an advantage for the EC and Brazil.

Other options include the imposition of fees of 50 per cent or more on sugar imports to protect the price support programme; or restricting domestic production through a set-aside scheme or cutting the support prices.

Colombia presses on with coal projects

Sarita Kendali in Cartagena the centre zone mine is ini-

COLOMBIA, host to this week's fourth Pacific Rim Coal Conference, will be well placed to take advantage of the growing demand for steam coal in the 1990s, which was being widely predicted at the conference.

Apart from the northern Cerrejon mine, which is to produce 11.5m tonnes in 1988, several steam coal deposits are on the verge of development for export. The projects awaits decisions on transport options involving large investments in rail and port facilities.

is to be opened up for interna-tional bids in August. Small quantities of coal are being exported through the northern zone port but this will not be possible once northern output rises to 15m tonnes. Although

tially designed to produce 1.5m tonnes a year, capacity is estimated to be at least 10m tonnes a year. Plans to expand the northern zone by a further 10m tonnes to 25m tonnes a year have also been discussed. Colombia's most recent foreign coal contract, signed between Carbocol and Drum-mond last August, involves the

development of steam coal reserves at La Loma, about 200 km inland from the Caribbean coast. The contract allows for production of 10m tonnes a year over 30 years, and the first coal is expected to be

Close Previous High/Low

110.40 112.50

17,70 17,40 17,10 17,50 16,72

11070 107.50 108.75 110.50

11.79

110.25 110.80 109.85 768.90 105.40

CRUDE Off. (Light) 42,000 US gatis \$/berrel

Latest Previous High/Low

110.25

110.75

shipped in 1992.

The Prodeco project in the La Loma area - for 5m tonnes - would use existing rail and port facilities, with some improvements. The Colombian

company has its own coal port near Senta Marta and could start production next year. All these projects are near the top of the list but Colombia has several other steam coal and some coking coal projects reserved for future develop-

While banks are still wary of new coal mines, the situation is changing, and Colombia's low sulphur coal is very com-petitive in a market affected by . international . concerns over acid rain pollution.

The country is already an steam coal trade and plans to increase its share of exports in the 1990s. The Minister of Mines mentioned a production figure of 40m to 60m tonnes for the year 2000, and 80 per cent of this would go for export.

 $Ahp(\epsilon_{\pm})$

<u>:</u> ..

UK forestry industry seeks further policy changes By James Buxton, Scottish Correspondent THE UK forestry industry said groups both timber producers Forestry policy itself had not The committee, which was

were needed to the forestry policy which the Government t last year when it ended tax relief for forestry. It called on the Government to adopt the with the industry and thereaf-ter to "stick to it."

The call was made by Mr

James Galhraith, chairman of the Forestry Industry Committee of Great Britain, the recently-formed organisation which and processors. He said that the abolition of tax concessions had heen a "sudden shock" which had caused a crisis of

The first to suffer were destroy millions of young trees because of a slump in demand. In due course the problem would work through into the processing sector. The present drop in new planting was a matter of "deep concern."

changed but the mechanisms through which successive governments sopported it had. The lesson had to be learned that an industry such as forestry which needs invest-ment over long timespans can only thrive when policy and the mechanisms of policy are consistent. Let us find the right policy first, in consulta-tion with government, but thereafter let government stick

holding its first annual meeting in Edinburgh, will be making recommendations to the Government later in the year. The body was formed after a 1986 report by the National Audit Office cast doubt on the economic viability of forestry in Britain.

The committee is concerned that land is not becoming available for forestry and that it is more attractive to buy and sell existing woodland than to plant new forests. This could eventually threaten the large timber processing industry which has grown up in recen years. Since forestry is now being

taken out of the tax system, with tax incentives replaced by increased grants for tree plant-ing, the Forestry Industry Committee is thought likely to press for this process to be taken a stage further with the possible exemption of wood-land from inheritance tax.

US MARKETS

AN ANNOUNCEMENT ABOUT the

tederal reserve selling U.S. dollars sent panic buying into the gold and silver markets. June gold reached a high of 36950 while July silver peaked

WORLD COMMODITIES PRICES

LONDON MARKETS	COCOA L'Itonne	LONDON METAL EXCHANGE	(Prices supplied by Ame
	Close Previous High/Low	Close Previous	High/Low AM Official Kerb
TIN prices again declined sharply on	hit 820 822 833 810	A1	- Cla

the LME yesterday, although closing above the day's lows ofter West German buying emerged for July delivery. The morning pre-market declined under the influence of further dollar strength versus storling and a sharp decline in Kuala Lumpur. This tringered a wave of stale-bull figuidation down to confract lows equivalent to levels last seen on the Copper prices eased, with the volatility in the currency makrots keeping some traders away. Dealers said that although operators generally remain concerned about North American contract talks, the market still appears to be on a potentially stoop bear slide Cocoa prices olso eased. The Gill &

surplus had little Impact, traders soid

Surpriso rate interespe		
SPOT MARKETS		
Crude off (per barrol FOB)		+ or -
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Off products (NAVE prompt delivery per to	onne CIF)	+ or -
Premium Gasoline Cas Oil	\$199-201 \$135-136	-41 ₂
Heavy Fuel Oil Naphilla Petroleum Argus Estimales	\$83-85 \$162-164	-1 +5,5
Other		+ 01 -
Gold (per troy oc) Silver (per troy oc) Platinum (per troy oc) Pallacium (per troy oc)	\$262 00 5254 \$475.25 \$150 50	+ 0 75 1 -7 85 -0 35
Aluminium ilree market) Copper IUS Producer! Lead ,US Producer!	\$1905 114 ⁵ 8-180 38.00c	-50 +1%
Nickel (free market) Tin (European free market) Tin (Now York) Tin (Now York) Zinc (US Prime Western)		+5 -85 -0 00 -8.5
Cattle (line weight)! Sneep (dead weight)! Pigs (live waight)!	121.25p 184. (8p 89.30p	-3.54° -50.6° -2.16°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price		+ 10 + 0 + 9.0
Barlay (English food) Malae (US No. 3 yellow) Wheat (US Dark Northern)	€104.63₩ €131.5 €132.00u	+0.13
Rubber (2001)♥ Rubber (Juli)♥ Rubber (Augi)♥ Rubber (KL RSS No 1 Jul)	90 5p GBp 65.5p 254.0m	+10 +1 +1.0 +3.5
Coconut all (Philippines)§ Palm Oil (Maleysian)§ Coora (Philippines)§	\$565.0u \$375 \$355.0	

c-contailb. r-ringgit/kg. v-lui. u-lun/Jui v-lui/ Aug. w-Aug =-May/Jun, (Maat Commission average felatock prices. * change from a week ngo. VLondon physical markst. SCIF Retterdam. • Builton market close. m-Malayalan conts/kg.

+030

Soyaboans (US) Catton "A" Indox

on (64s Suport

	Close	Provious	High/Low
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Sap	842	845	854 840
Dec	896	902	907 892
Mar	890	894	902 887
May	896	913	908 882
Jul Sap	908	930	832 922
I GITTON	inducator o	973 lots of	s our tonnet l
price f	or Jun 14	1002.68 10	s per tonne). I 17.33) :10 day i
age fo	r Jun 15 9	88.66 (984.7	77)
COFFI	EX Extende		
	Close	Previous	High/Low
Λγ	1093	1090	1110 1081
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Nov Jan	1069 1063	1087 1073	1076 1060
Mar	1070	1078	1075 1068
May	1070	1075	1070 1965
Jiy .	1080	1075	1065
Turnov	er:3070 (8	404) lots of	5 tonnes onts per pound 1 (102.29) . 10
ICO ID	dicafor pr	ices (US c	onts per pound
Jun 14	. Comp.	day 101.6	1 [102.29) . 10
SUGA	12 bec 10	nne)	
Rew	Close	Previous	High/Low
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Oct	279 60	271.40	262.40 271.20
Doc	270.08	269.60 259.40	267 00 287,50 280,00
Mar May	267.00 265.60	259.40	259.00
Oct	262.00	-	255 00
White	Clase	Previous	High/Low
Aug	371.00	365.00	375.00 354.90
Oct	342.50	337 00	345.00 337.00
Dec	333.00	327.50	333.00 330.00 323.00 319.00
Mar May	323.00	316.00 316.50	314.10
Aug	350 00	316.00	4 110
Oct	318.50	314.00	305.60
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Aug Sep Oct IPE Ind LAS O	Close 13.4.25 134 20 135.00	Previous 134.25 135.00	16.40 16.09 16.40 16.09 16.22 15.92 15.92 15.85 High/Low 136.07 (33.75 136.00 133.75 136.00 134.75
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FRUIT AND VECETABLES	1
Spania yellow honoydow meions are widely	ı
available 60p-£1.10 each (80p-£(.30) as are	ı
Spania apricots 50-65p a lb (60-80p) and 1kg	ı
purinets of poaches 80p-E1 00 soch	ŧ
(£1 00-1 30), reports FFV(B, British	ŧ
strawborries are 50-70p a 12 lb (50-75e) and	ı
Cormel Poriotto grapes are £1 65-2.20 a lb	ı
(£1 80-2 30). Homograwn new potatoes are	ı
videly available 18-25p (22-35p) as are	i
Francis deministration (22-35) as any	ı
English new crop carrots 20-30p (25-35p).	ł
lersey courgettes are new in 45-70p as are	i
Dutch and French looks 70-80p, Tomatoes	ı
are 45-65p (45-75p). Round lettuce is down	1
to 22-32p a head (25-35p), loubergs are	i

	LONDON METAL EXCHANGE			(Prices supplied by Amelgameted Metal Tracing)				
	Close	Previous	High/Low	AM Officia	Kerb close	Open Interest		
Altorolohum	99.7% purity	(S per tonne)			Fling turn	over 10,975 tonne		
Čæsh	1910-20	1940-50	1910/1903	1903-5				
3 months	1840-5	1880-8	1856/1635	1835-40	1850-5	34,823 lots		
Copper, Gr	ade A (2 per s	onne)			Ring turn	over 23,600 tonne		
Çash	1673-6	1684-6	1707/1698	1707-8				
8 months	1653-4	1665-6	1680/1852	1673-4	1660-2	75,539 lots		
Leed (£ per	r torme)				Ping turn	over 13,475 tonne		
Cash	429-31	445-50	438/429	427-0				
5 months	415-8	419-9.5	418/413	413-5	413-6	9,711 lots		
Michel (3 pe	er tonne)				Ring to	irnover 828 tonne		
Cash	12150-250	12100-200	12200/12100	12100-200				
3 months	11200-50	11250-75	11250/11000		11200-60	7,280 lots		
Tin (\$ per h	onne)				Alog to	mover 910 tonno		
July 3	9850-10000	10030-50		9650-6600				
3 months	9685-900	10010-20	9950/9770	9005-20	9675-900	1,467 lots		
Zinc, Speci	al High Grade	(\$ per tonne)			Fling turn	over 10,950 tonne		
Cash	1710-30	1650-5	1705/1885	1705-10	7			
3 months	1550-5	1540-5	1565/1540	1545-50	1560-6	11,698 lots		
Zinc (\$ per	tonnel				Ring tun	nover 8,150 tonne		
Çesh	1530-40	1600-10		1010-3				
months	1460-5	1465-70	1490/1470	1470-5	1460-90	9,923 lots		

3 months	1550-5		1540-5	1555/1540	1545-50	1560-6	,	11,0	96 lots
Zinc (\$ per	tonne					Rib	ויושל פר	nover (3,150 tone
Çesh 3 months	1530-4 1460-5		1600-10 1465-70	1490/1470	1010-3 1470-5	1460-9	•	9,92	3 lots
POTATOE	• 64								
	lose	Previous	14-50		PONDON BI				
					Gold (fine oz	\$ price		upe 3	valent
Feb 14	22.5 42.5	122.0 140.0	122.0 120.0		Close Opening	361-4-362-4 360-2-361		239-23 239 ₄₋	
	17.0 35.0	210.0 228.0	216.5 200.0 233.0 226.0		Morning fix	360.35		239.10	5
Turnover 8	39 (137	6) lots of	40 Iomes.		Afternoon tix Day's high	3024-9024		239.86	•
OYABEA	N SIEA	L Crionne			Day's low	358 4 - 358 4	•		
C	lose	Provious	High/Low	_					
dun 15	58.00	157.50	158.00 156.5	50	Coine	S price		t equi	
	01.50 01.00	150.00 150.00	151.50 101.50 101.0	10	Maplelesi Britannia	373-378 373-378		245-24 246-24	
Turnover 3					US Eagle	373-378	-	246-24	9
			alou moles		Angel Krugerrand	370-375 361-364		243 ½ -4 238 ½ -4	
PRICOHT I					New Sov.	844-854		35-2-5	84
		Previous			Old Sov. Noble Plat	84 4-58 4		55 2-5	
	115 360	1405 1396	1430 1410 1415 1360		MODIN PIEC	477.40-485.0		318.50-	424.65
Oct 15	908	1530	1540 1500						
	581 576	1562 1500	1575 1550 1505 1575		Silver tix	p/fine az	- (US cts	equiv
	196	1390	222 1314		Spot	345.76		\$20.50	
urnover S	54 (218))			3 months 0 months	358.40 371,25		532.80 544.60	
PARKS E	tonne			_	12 months	398.10		588.25	
Theet C	064	Previous	High/Low						
		112.75	114.00 113.2		FOREGON NEED	AL EXCHA	10E T		OPTION
		105.30 106.65	106.75 105.4 109.10 108.8		Afuminium (99	3.7%) C	alls		Puts
lan 11	245	111.90	11245 1121	5	Strika price \$	tonne Jul	Sep	Jul	Şep
		115.10 118.40	115.55 115.5 118.75	0	1800	121	102	12	53
		120.00	. 144		1900	55	56	45	110
Sartey Ci	080	Previous	High/Low		2000	10	28	107	179
		104.30	104.90 104.5		Copper (Grad	• A) C	alie		Puts
		104.30 107.90	108,40 108,1		2400	146	173	21	90
a n 11	1.60	110.95	111.45 111,2	0	2500 2600	80 37	122 83	54 111	137
		113.85 115.50	116.00		434)	ar'	83	111	196
			Seriey 241 (1)	99).					
umover lo	ts of 16	O tonnes	L		LONDON POX				
905 (Cash	Sattler	nent) p/k			Coffee	Jul	Sep	74	Sep
a	05e	Previous	High/Low		1050 1100	45 11	68 45	2 18	40 72
		113.5			1150	1		58	
		111.0	109.8		Cocom	Ju1	Sep	Jul	Seo
			114.3 115.5						
eb 10:	9.5	109.5			900	23	58	43	10
					850.	2	30	33	40
et 114 ov 119 eb 100 pr 119	4.6 6.0 9.5 0.5	114.5 116.5	114.3 115.5 109.8		750 900	69 23	58	43	

ŌČ.	10950-10				lots
	Anna 200		Aling to	mover	910 tonne
	9650-660 9605-20	9675-G	100	1,48	P lots
		Film	g turno	wer 10	,950 tonne
	1705-10 1545-50	1560-6	,	11,6	8 lots
		RI	ng tum	over 8	,150 tonne
	1010-3 1470-5	1460-6	10	9.92	3 lots
_			-		
_		ULLION MA			
	id (fine oz			E equiv	••
Cit Op	ening	361-4-3624 36042-361	•	239-236 239-4-4	303a 2303a
	ming fix ernoon tix	360.35		239.10:	5
	y'a high y'a low	361,5 3621 ₄ -3621 3581 ₄ -3681			
	,	330-11-000-1	•		
Col	70	S price	-	equh	relent
Me	pleiesi	373-378		46-246	
US	Eagle	373-378 373-378	2	246-246 246-246	
Any	jel	370-375 361-364	3	263 12 -2 288 12 -2	47 403-
Nen	Sov.	8414-8514 8414-5814	3	238 ½ -2 15 ½ -56 25 ½ -56	4
Not	de Plat	477.40-485.	00 8	118.50	24.65
Silv	er tix	p/line az	ı	JS cts	equiv
Spc	it ionths	345.75 358.40	8	20.50 32.80	
0 п	nonths	371,25	5	44.60	
12	months	398.10	5	88.25	
LO	100H N	TAL EXCHA	10E 7	455	047100=
	minium (9		alls		Pura
		tonne Jul	Sep	Jul	Sep
180		121	102	12	58
190 200		55 10	56 28	45 107	110 179
	per (Grad		عالة		Puts
240		146	173	21	90
250 260		80 37	122 83	54 111	137
	•	ar .	8	""	196
	DON PA	TRADED C	PTICH	•	
Coff		Jul	Sep	Jul	Sep
1050	3	45	68	2	40
1100 1150		11	45	18 58	72
Coc		Ju1	Sep	Jul	Sep
750		69	900		- out
90C		23	58 30	43 33	10
850		_	14	-	40

	L-4	to unatta	atad bat	tha.				
mar	offe in	re uneffe the softs,	allog by	CRUE	E OIL (LI	oht) 42,000	US galk	
		higher fr				Latest	Previous	High/
				closed at	Jul	20.88	20.23	20.95
				as lighter	Aug	19.09	18.70	19.12
				coa prices	Sep	16.14 17.71	17.83 17.50	18.15
wer	e steady	es switc	h activit	y made up	Nov	17.40	17.28	17.80 17.53
moe	t of the	volume.	The grai	in markets	Feb	17.01	16.88	17, 10
feat	ured hig	her price	s in the	soybeans	Apr	16.95	16.74	17.01
as c	commen	cial Intere	est conti	nues to				
		port. Whe			HEAT	ING OIL 4	2,000 US ge	ulla, cen
		to scatte				Latest	Previous	High/
Con	n tracum	g was no	-evenu	og futures	344	4645	4585	4645
		technica				4670	4804	4670
		narket wa			Sep Oct	4720 4770	4869 4742	4720 4785
		la on fee			Nov	4860	4815	4880
				and iocal	Dec	4825	4888	4925
		. The one			Mar	4725	4693	4725
		trong on			====			
		ding volu			COCK		nan;\$/tonno	5
ove	r 100,00	0 contrac	ts for the	e session.		Close	Previous	HIOPA
					Jul	1151	1147	1153
					Sep Dec	1192	1185	1193
					Mer	1220 1233	1215	1223
Me	W Y	'ork			May	1344	1239	1244
		VIK			Jul	1259	1247	1232
601	100 tray	oz.; S/tray	DZ.		Sep	1279	1257	1270
_	Close	Previous	High/Lo		. ===			
Jun	287.0	363.6	369.0	360.5	CUFF		,5001bs; cor	45/lbe
and July	368.3	365.1	0	0		Close	Previous	High/L
Aun	370.7	387.5	372.8	362.7	Jul	118.62	117,43	118.75
Oct	374.7	371.4	376.0	367.0	Sep	112.70	112.70	112.75
Dec Fab	378.5 382.8	375.4 379.3	352.0 377.9	370.5 377.0	Dec	109.45 110.33	109.96 112.00	109.50
Apr	387.0	383.4	0	0	May	111.51	113.00	110.75 112.50
Jun	391.2	387.5	384,0	384.0	ألال	111,25	113.00	0
Aug	395.4	391.5	388.0	385.0	Sep	113.00	113.00	0
PLAT	NUM 60 t	roy oz; \$/tn	oy oz.					
	Close	Previous	High/Lo		SUGA	R MOUIT	112,0	00 (bs; e
Jul	485.9	486.0	487.0	473.5		Close	Previous	High/L
Oct	465.8 487.0	488.1	488.5	475.2	Jul	12.73	12.30	12.80
Jan	489.2	489.6	489.3	478.0	Oct	12.71	12.25	12.82
Apr	492.7	493.1	0	0	Jan	12.03	11.57	0
Jul	496.7	497.1	494.5	494.5	Mar May	12.03 11.00	11.65 11.59	12.10
SRLVE	R 5,000 tr	roy oz; cent	altroy oz.		Jul	11.82	11.53	11.96 11.82
_	Close	Pravious	High/Lo	<u> </u>	Oct	11.68	11.40	11.55
			529.0	526.0				
Jun Jul	590.9 533.0	525.5 528.0	536.0	017.0	COLL	ON 50.000	conts/fbs	
Aug	537.E	532.5	0	0		Close	Previous	Ulah 0
\$ep	542.2	537.1	546.0	\$26.0				High/L
Dec	554.0	549.4	559.0	539.0 0	Jul	68.65	69.34	69.10
Jun Mar	556.0 566.3	552.8 561.0	0 570.0	549.6	Öçt Dec	69.90 69.77	70.29 70.35	70.36 70.20
May	574.0	589.2	586.5	550.0	Mar	70.50	71.10	70.75
Jul	683.2	577.5	576.0	576.0	May	70.80	71.48	71.29
Sop	591.8	586.0	0	0	Jul	71.15	71.60	71 <i>.5</i> 5
1007	ČES.				ORAM	ge Juice	10.000 (bu;	conts/1
			40 50	 1		Close	Previous	High/L
	TERS (Be	ee: Soptem		ı	feet.	178.20	150,50	179.50
	June	14 Jun 13	anth ag	јо ут адо	Jul Seo	167.40	166.85	167.40
!-	2025.6		2004.3	1958.7	Nov	156.60	155.00	156.90
=					Jen	152.40	151.50	152.75
_		Base: Dec.			Mar	151.75	150.40	0
Spat	131,54	150.72	136.74	141.52	May	150.85	149 50	0

53630 017.0		~~	O14 30,000	, concentra		
0 545.0	0 526.0		Close	Previous	High/Low	
559.0	539.0	Jul	68.65	69.34	69.10	66.45
0	0	Oct	69.90	70.39	70.36	69.75
<i>5</i> 70.0	549.6	Dec	69.77	70.35	70.20	69.51
566.5	560.0	Mar	70.50	71.10	70.75	70.50
576.0	576.0	May	70.80	71.48	71.29	70.80
0	0	Jul	71.15	71.60	71.55	71.15
		CRAN	GE JUICE	10,000 (bs;	conts/lbs	
ber 10 193	31 1003		Close	Previous	High/Low	
		Jul	178.20	150,50	179.50	177,25
about 4	роутадо	Sep	167.40	166.85	167.40	164.40
2004.3	1958.7	Nov	156.60	155.00	156.90	153.60
24 4574		Jan	152,40	151.50	152.75	151.00
31 1974 =	100)	Mar	151.75	150.40	0	0
136.74	141.52	May	150.85	149 50	0	ο.
135.05	142,18	Jul	160.85	149.50	0	0
	4	Sep	150.85	149.50	0	0

SOY	ABEANS 5	,000 bu min;	centa/60fb	bushel
	Close	Previous		
Jul	734/0	729/4	738/0	725/0
Aug	700/0	691/0	704/0	687/0
Sep	644/0	660/4 645/2	665/0 646/4	638/0
Jan	662/6	654/0	654/4	847/4
Mar	062/4	063/6	683/4	657/4
Jul	688/4	670/0	689/0	664/0 665/0
		60,000 lbs;		0000
	Close	Previous	High/Lo	
Jul	20.82	21.10	21.04	20.63
Aug Sep	21.10	21.20	21.25	20.80
Oct	21.30 21.45	21.45 21.00	21.43 21.60	21.05 21.30
Dec	21.90	21.97	21.97	21.65
Jan Mar	21.90 22,34	22.10 22.41	22.10	21.80
May	22.45	22.55	22.50 22.40	22.20 22.50
SOY/		AL 100 tons	\$/ton	
	Close	Previous	High/Lo	yw
Jul Aug	211.4	208.0	211.9 205.8	208.0
Sep	196.3	197.6	199.5	203.0 197.0
.Oct Dec	181.5 190.0	192.0	1925	190.5
Jun	189.5	191.1 190.7	191.0 190.5	189.0
Mar	189.2	190.2	190.5	189.0 189.0
May	188.0	min; cents/s	190.1	188.0
	Close	Previous	High/Lo	
Jul	259/2	256/6	259/8	
Sep	247/2	248/4	248/0	255/6 246/4
Doc	245/2 253/4	245/0 263/0	245/6 .	243/2
May	258/2	258/2	253/6 258/2	251/2 256/2
Jul Sep	259/2	259/0	260/0	257/6
Dec	247/0 243/6	247/0 242/6	0	0
WHE	T 5.000 bu	min; cente/	244/0 B00b-burst-	241/0
\equiv	Close	Previous	High/Lot	
70	394/2	396/6	368/0	383/0
Sep Dec	400/4	405/8	405/4	400/4
Mar	415/D 421/D	418/6	418/4	414/0
May	407/4	424/2 411/0	424/0 409/4	420/0 407/0
ᄲ	368/6	37 1/0	37 1/4	368/4
TIME		,000 lbs; cal		
	Close	Previous	High/Lo	7
Jun Aug	71.42 69.27	71.10 69.27	71.75	70.87
Sep	70.60	69 50	69.45 70.00	00.68 0
Oct Dec	71.90	71.75	72.10	71.60
Feb	72.35 72.42	72.00 72.20	72.42	71.92
Jun	71.70	71.46	72,50 71.70	71.95 71.50
LIVE I	100S 30,0	00 lb; cents/	lbs	
	Close	Previous	High/Lov	,
Jun Jul	47.97	47.30	47.97	47.26
Aug	47.62 48.55	47.05 46.66	47.75	47.10
Oct	42.82	40.66 42.07	45.60 42.60	45.67
_	44.80	44.55	44.95	41.80 44.40
	45.42 43.95	48.05	46.50	46.00
Fab	43.85	43.80 47,25	43.95	43.65
Fab Apr	47.45	71 1007	47.56	47.25
Feb Apr Jun		0.000 the: -		
Dec Feb Apr Jun PORK	BELLES.			
Fab Apr Jun PÖRK	Close 34.30	Previous	High/Loy	
Feb Apr Jun PÖRK Jul Aug	Close 34.30 33.55	Previous 33.70 33.45		33.60
Feb Apr Jun PORK Jul Aug Feb Mar	Close 34.30 33.55 48.37	33.70 33.45 47.52	High/Lox 34.60 34.40 49.05	33.60 33.30 47.65
Feb Apr Jun PORK Jul Aug Feb	Close 34.30 33.55	Previous 33.70 33.45	High/Lox 34.80 34.40	33.60 33.30

151.6

Another erratic session for equities

LONDON EQUITY markets cleared the first set of this week's hurdles - in the form of the US trade figures - without too much strain yesterday, closing only a shade easier after a somewhat erratic trad-ing session. US buying of British and other European equities was again the most encouraging feature, but the UK market turned back from

its best levels when New York opened on a downward trend.

The keenly-awaited trade figures from across the Atlantic had little effect in London; the monthly deficit of \$8.26bn disappointed only the most optimistic forecasters in the UK equity market.

	at Dealing	Dates		
First Dealings: Jun 5	Jun 19	Jel 3		
Option Declarati	lone: Jun 29	Jul 13		
Last Dealings: Jun 16	Jun 30	Jul 14_		
Account Day: Jun 26	Jul 10	Jel 24		
There then dualings may take place from 8.00 cm two husboos days sarder				

The day started well with the overnight strength in the dollar setting the scene for further US demand for blue chip equities in London, and another trading programme, reportedly from the London arm of a US securities house, helping the broader range of

however, and a gain of more than nine FT-SE points was then whittled away as the mar-ket grappled with the latest

data on the UK economy.

The underlying rise of 9.25 per cent in UK earnings in April was slightly below the worst case forecasts by analysis to the control of the control lysts but,"brought no particular comfort," to a market still concerned over wage pressures, according to Mr Bill Smith of Prudential-Bache. Although gains in market indices were subdued during the mid-session period, there was good US demand for a range of international stocks, notably BAT Industries, Han-

son and British Airways. However, this was not always directly reflected in prices in 2,130 level.Turnover at 593.4m shares through the Seaq systhese widely traded shares. tem showed a significant rise London began to push ahead again as it awaited the US on Wednesday's 467.6m; the total was boosted by heavy business in British Steel folagain as it awaited the OS trade figures, but was under-mined towards the close by Wall Street's initial fall, which cast a query over positions in the London market built up by lowing the trading figures

minor improvement at 295%p

on turnover of 8.6m shares on turnover of s.om shares after the company revealed it intends selling some of its worldwide coal interests. This comes hard un the heels of the

sale of its BP Minerals division

to RTZ, the UK mining group, for around \$4.2bn.

Dealers said that the strong support for BP shares in recent

days could perhaps have been triggered by speculation of imminent big moves by the

Analysts were taking the view that the coal interests

could well be worth more than

could well be worth more than \$250m and possibly as much as \$400m — "bnt certainly less than \$1bm (£658m), given that operating profits from that division were £20m that year," as one researcher put it. He added that the proposed sale was consistent with RP's strategy and was by no means con-

egy and was by no means con-strued as distress selling.
"More sales from BP are likely," was his parting shot.
Ultramar were keenly bought from the ontset, the shares improving 7 to 302%p

on increased turnover of 4.3m. Dealers said the stock had been oversold after the recent

placing of the 52m share stake

previously held by Sir Ron Brierley's IEP Securities.

was a whisper around for Enterprise which moved up 3

Polly Peck rocketed in the final hour of business as the

stock advanced to 270p, 6

higher on the day, on a turn-over of 9.7m shares. Dealing

continued after the market had

closed and the price rose rapidly to touch 282 kp, mid-price, by the time the last broker

shut up shop for the evening.
Two brokers were said to be
buying of behalf of Mr Asil
Nadir, Polly Peck's chairman,
whose holding, according to

the 1988 annual report, is

Also in the oil sector, there

Activity in overseas trader

The equity market still faces further challenges in the form of the latest data on domestic US houses. A further discourinflation today, as well as the agement came from the futures outcome of two by-elections in market, where the premium on the UK and elections to the Enropean Parliament. The the FT-SE Index June contract melted away to leave the con-tract almost at parity with the inflation data, in particular, could pose problems for ster-ling, which dipped closer yes-terday to the sterling exchange underlying index.
At the close, the FT-SE Index
was a net 4 points down at
2,129.6, with traders sounding a rate of 90 regarded as a trigger level for the UK authorities.

stocks, rose strongly to close to higher at 314p. The Racal pair, Electronics

respectively in much smaller turnover than recently. Thorn-EMI jumped 10 to 728p

after a huy recommendation ssued by the leisure team at

the Nomura Research Insti-

A buy recommendation in a

specialist newsletter generated interest in Siebe which climbed

to 521p before settling back to

ple of trades of more than 500,000 shares were seen on the

Seaq ticker. VSEL surprised the market

with pretax profits at more than £17m; "we had been expecting £15.9m," said a mar-keimaker. The price firmed 7 to 465p in thin trade.

Scapa Group jumped 13 to 296 on marginally better full year profits and a one-for-one

294p by the close.

Among busily traded food retailers Argyll put in a notable performance. The shares gained 2½ to 220p on good turnover of 5.7m, this in spite of talk that a leading broking heads.

honse had recommended switching out of the stock into Sainsbury (up 1 at 259½p). Argyll has just completed a

series of presentations to insti-tutions including one in Scot-

The second of the second

issue. It settled back to

FINANCIAL TIMES STOCK INDICES 13 е High 84.02 83.75 83.91 84.80 95.41 95.42 105.4 50.53 (28/11/47) (3/1/75) 1758.9 1762.9 1770.4 1775.7 1447.8 1926.2 49.4 (3/1) (16/7/87) (26/6/40) 154.7 734.7 43.5 (17/2) (15/2/83) (26/10/71) Ord. Di. Yield Earning Yid %(tuil) P/E Ratio(Net)(±) SEAQ Bargains(5pm) Equity Turnover(1m)† • S.E. ACTIVITY

4.58 4.59 4.55 11.09 11.13 11.03 10.92 10.88 10.98 23,429 24,590 24,670 994.13 1286.37 1145.12 25,621 28,063 27,178 486.7 429.4 434.3 11.00 11.01 26,266 1653.27 30,715 626.8 10.68 28,026 1187.29 30,442 517.3 10.89 25,696 Opening 010 am. 011 am. 012 pm. 01 pm. 02 pm. 03 pm. 04 pm. 1769.8 1765.5 1765.3 1765.8 1767.9 1764.6 1766.8 1762.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, :rNil 10.80 †Excluding intra-market

Gilt Edged Bargains Equity Sargains Equity Value 5-Day average Gilt Edged Bargains 988 Equity Bargains 185.9 190.1

London Report and latest

Mixed session for Steel

100

ect_

Heavy trading and a somewhat erratic share price performance greeted full-year figures from British Steel. The shares firmed initially on the announcement of profits near the top of expectations, touching 89p before stories filtered into the market that the management was predicting a less than smooth ride towards the end of the current year. The weakness was exacerbated as marketmakers began trading stock with the dividend stripped out - a move that encouraged index funds, which had bought Steel for the high 5p dividend, to liquidate posi-tions. The stock slipped back to 84, a net 2 lower on the day. Turnover was a strong 37m

Mr Mark Wright, analyst at broker Hoare Govett, pointed out that Steel's dependence on the UK market had increased over the last year - exports were down and domestic sales up. The key to the group's per-formance is the difficult question of how to assess the steel market in nine months time. He has npgraded his profit forecast for the current year from £600m to £680m but is sticking with a "hold" recom-

"British Steel should track the market in the medium term," he said, "although it may be weak in the short term with the stock going ex-divi-dend on Monday and the payment of the 65p second tranche due in September. Other analysts were more cautious in their forecast, edging up £30m to £620m. The last quarter might see trading weakness, but it will abow up earlier in the share price, in sentiment if not in fact."

BAT extends gain

US buying of BAT Industries overnight meant that the stock opened strongly, a mood which was maintained through the day. It closed 16 better at 652p having touched a high of 665p; turnover was a busy 12m Currency factors contributed

to the firmess of the stock, which tracked the dollar throughout the day. "It is breaking new ground in terms of relative price and relative p/e," said Mr Mark Duffy, analyst with Warkurg Securities. lyst with Warburg Securities. The stock continued to be in heavy demand in New York after London had closed; the company is about to start a series of presentations on the role of Farmers, its newly

starting in New York, before moving to London and then Scotland. One analyst said that many second quarter profits estimates might have to be upgraded as a result of the recent strength of the dollar.

STC advances

Favourable predictions from the company's stockbrokers helped STC hold out against the market trend. Both the dividend and profits ontlook found recommendation in a review from Hoare Govett, the securities house, now sole broker to STC.

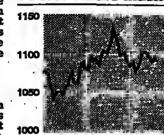
The Hoare review of STC, written by Mr Miles Saltiel, electronics analyst, rates STC shares as "undervalued" and says that the group is "poised for premium earnings growth." He believes this will come principally from the telecoms business; the VT division should ness; the ICL division should also continue a rising level of profits, but should also be seen as a valuable bargaining counter in the current round of reconstruction in the European capital electrical industry. The dividend "is set to progress above the rate of the UK mar-

ket." Mr Saltiel concludes. STC shares have moved. erratically over the past couple of months, making rapid prog-ress amid stories that deals were poending with various European companies concerning ICL. However, the shares had been declining on profitaking until this week. Yesterday, STC moved up 5 to 355p, after touching 363p, with turn-over finally at 2.1m shares.

Brewery shares were slow to respond to what looked like a climbdown by Lord Young, the Trade and Industry secretary, over the issue of whether he should implement the Monopolies Completion's recommenlies Commission's recommendations for the dismentling of cash to buy the Elders stake. the breweries' tled-house sys-

While Lord Young's statement appeared to be good news for brewery stocks, hinting as it did of a watering down of the MMC's proposed reforms, the subsequent rejection by the Brewers Society'a of Lord Young's proposals kept the

FT-A All-Share Index



Equity Shares Traded Tumover by volume _ (million) 600 400

ish for the sector, and it does now look like it will be a long and bloody battle," commented one drinks analyst.

Apr May Jun

Bass, widely regarded as a likely winner whatever the outcome of Lord Young's deliberations, were the sole feature among the leaders, extending the gains scored late on Wednesday to feature 1 to 1 wednesday by a further 19 to 993p on turnover of 2.8m shares. In contrast Allied Lyons added just 3 at 442p and Whithread 2 at 360p, while Grand Metropolitan eased 2 to 489p.

439p. Scottish & Newcastle were also weaker, closing 2 off at 320p after coming under selling pressure in afternoon irade. Earlier dealers had been proccupied with suggestions that S&N was planning to sell its Thistle Hotels and use the However, the story found little. favour among analysts, and as one put it: "It may be logical to attempt to buy back the Elders stake, but there is certainly no logic in selling the jewel in your crown to finance it."

54 m shares, equivalent to around 25.1 per cent of the Banks played a role, albeit a minor one, in the session's programme trades, with Barclays subsequently closing 5 off at 437p on 2.4m, Midland 4 off at 2.4m, and Barclay Barclay at 2.4m, and Barclay Barclay and Barclay Barc Specialists noted a distinct increase in interest in the Young's proposals kept the anergy sector. The lion's bulls in check. Prolonged shares of demand was directed uncertainty can only be bear towards BP, which managed a 340p of 3.8m and Royal Bank of Scotland the same amount

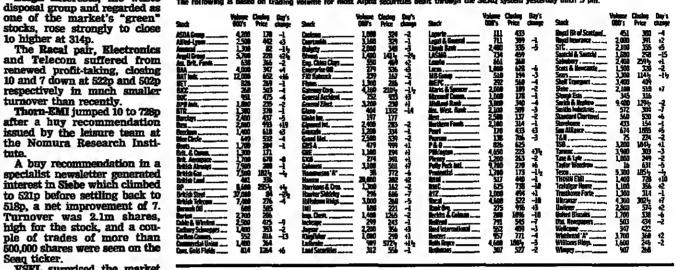
down at 3800 on 2m.
Pearl, where Australian group AMP recently bought the FAI 13 per cent stake to raise its holding to 18 per cent, edged up 3 to 433p. London United, on the other hand, slumped to 55p before closing a net 6 lower at 59p after the

Bradstock, the insurance broking group, dropped 10 to 210p after revealing interim profits down from £3.81m to

£3.01m.
Westbury, the construction group were beavily bought, advancing 9 to 235p in the wake of e positive note from the building team at Panmure

TRADING VOLUME IN MAJOR STOCKS Gordon, the agency broker. Leigh Interests, the waste disposal group and regarded as one of the market's "green"

DAY'S HIGH 1770.0 DAY'S LOW 1758.7



ceived figures various brokers regard the stock as good value

st current levels.

Shares in beleagured retailer
Gateway dropped 1½ to 210½p
on turnover of 4.1m. The Takeover Panel's criticisms of Gateway's recent property valua-tion came too late to affect the

share price. United Biscuits fell 6 to 338p after the company's confirma-tion thet it was considering selling its restaurant busi-nesses fuelled suggestions that the group might make a US acquisition to reinforce its core biscuits, smacks and frozen foods operations. Mr Terry Sissons of Panmure Gordon, has calculated that if UB gets tutions including one in Scot-land on Monday and a visit to Zurich two days later, and in the wake of the group's well-re-

which may necessitate, if large enough, the issue of some paper," said Mr Sissons. Hanson registered a big 20m share turnover as US arbitrageurs took advantage of the cum-dividend status of ADRs.

dealer said there had been a single straight trade of 5m shares.

Blue Arrow slipped 2 to 93p as a big US investor, said to bave been working through Goldman Sachs, finished his

The stock put on 2 at 202p. One

bnying operation. Turnover was 4.1m shares. Profits takers hit WPP which shaded 7 to 707p after the announcement that its bid for US advertising agency Ogilvy Group would not be referred to MMC.

Advertising agency WCRS firmed 4 to 279p on a trade

FT LAW REPORTS

Sugar contract time term

press story that French company Eurocom was poised to take up its stake in the com-pany. It bolds around 20 per cent of WCRS.

Newcomer A H Ball made a promising debut on the USM. Placed by broker Kleinwort Benson at 165p, the shares raced ahead to close at 210p and an impressive 45p pre-

News of the agreed £84m offer for Brookmount from fellow USM property group Ford Sellar Morris saw shares in the former jump 50 to 585p while the latter's stock price edged slightly ahead to end at 105p.

 Other market statistics. including FT-Actuaries Share Index and London

months. It was relatively unimportant in terms of money. Compliance was obviously of far less commercial importance than compliance with the time for

opening the sugar PBG, yet it was expressly agreed that the obligation to open the latter was

onigation to open the latter was not a condition precedent to the opening of the letter of credit. It was impossible to eccord e higher cetegoriestium of obligation to the countertrade

The commercial significance of the countertrade PBG was only a

There was no hasle for

oncluding that the eellers' obligation concerning the countertrade PBG had the character of a condition, let alone a condition precedent to the huyers' obligation to upen the letter of credit. There was no basis for treating the failure to

basis for treating the failure to open the countertrade PBG within seven days as e breach which went to the root of the

Mr Diamond for the buyers

sought to derive assistance from the authorities on deviation and in the law of insurance in the

event of breaches of warranty. In both cases the equivalent of ecceptance of repudietion

operated retrospectively as from date of breach and not merely

prospectively from acceptance of repudiation.

It was not accepted that any

It was not accepted that any general principle concerning wrongful repudiation of contract was to be derived from those authorities. It might be safer and better to treat the jurisprudence in those fields as divorced from

the general law concerning termination of contracts by the ecceptance of breeches as

The appeal was allowed. The

contract.

PBG than to the sugar PBG.

NEW HIGHS AND LOWS FOR 1989

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Weiverlay Mining Finance.

Court of Appeal (Lord Justice Kerr. Lord Justice Lloyd and Lord Justice Butler-Sloss): June 8 1989

SARA D

A TIME clause to a mercantile contract is not necessarily n condition; and failure to fulfil an obligation to open n performance bond guarantee within a specified time is not a repudiation, to the absence of express or implied indication to the contrary, if it relates not to the main part but to a subsidiary part of the contract and has only a small commercial value within the context of the contract as a whole.

whole. The Court of Appeal so held The Court of Appeal so held when allowing an appeal by Trans Continental Affiliates Ltd. (formerly M. Golodetz Ltd.), sellers of sugar afloat on the Sara D, from Mr Justice Evans's decision that they had repudiated the contract for sale of the sugar to the buyers, State Trading Corporation of India Ltd., by failing to onen a countertrade by failing to open a countertrade guarantee performance bond within the time specified in the

LORD JUSTICE KERR said that the dispute arose out of a contract for the sale of 12,600 metric tons of South Korean sugar on December 11 1985 c & f to an Indian port at \$201.95 per

Peyment was to be hy irrevocable letter of credit to be opened within seven days from conclusion of the contract. The cellers were to give e performance bond guarantee (the "sugar PBG") and were to instruct their bank to open it immediately on conclusion of the immediately.

It was expressly provided that the letter of credit was to be operative irrespective of whether the sugar FBG had been notified to the opening book

the sugar PBG had been notified to the opening bank.

The contract also provided for the countertrade of unspecified goods to a value of 60 per cent of the stowed value of the sugar, to be carried out within six months.

The sallers were to give a further performance bond (the "countertrade PBG") for 3 per cent of the countartrade within seven days of conclusion of the contract. contract. contract.

Both parties appreciated that
the c & f sale and purchase was
for e cargo of sugar already
afloat on the Sara D. The buyers
insured the sugar. The vessel
sank the following day so that
the cargo became a total loss
before arrays of every days from

before expiry of seven days from conclusion of the contract.

By that time the sellers had provided the sugar PBG, but not the counterrade PBG. The buyers failed to open the letter of credit without giving

any reason. They made no reference to the countertrade PBG. After some fruitless exchanges and meetings the sellers treated the buyers failure to open the letter of credit as a wrnngful repudiation and brought the contract to an end. The sellers claimed damages equal to the price of the sugar. In defence the buyers relied on the eellers' failure to provide the countertrade PBG within seven

is not a condition

days.
The arbitrators decided in favour of the sellers. They held that the sellere obligation concerning the countertrade PBG was not a condition of the contract, and that the contract came to an end when the sellers justifiably treated the buyers' failure to open the letter of credit as a wrongful repudiation. They awarded the sellers \$2.5m

damages.

Mr Justice Evans reversed the arbitrators' decision. The sellers now appealed.

The first question was whether the sellers' obligation concerning the countertrade PBG was a condition of the contract.

The answer was unhesitatingly The sellers' obligation was to give the countertrade PBG within seven days. But there was nothing in the contract which

made timeous performance a condition precedent. It was not expressed to be a condition precedent to the huyers' precedent to the nuyers obligation to open the letter of credit within seven days.

In Wallace v Pratt [1910] 2 KB 1003 Mr Justice Fietcher Moulton said that conditions were terms "which go so directly to the

"which go so directly to the snbstance of the contract... that their non-performance might fairly be considered by the other party as a substantial fallure to perform the contract at all."

In Photo Production v Securicor [1980] AC 827 Lord Diplock said that the expression "breach of condition" should be reserved for eituations "where the contracting should be reserved for eituations "where the contracting parties have agreed...that any failure by one party to perform a primary obligation...shall entitle the other . . . to put an end to all primary obligations of both

definitions of the nature and effect of contractual terms to be classified as conditions In situations where it was clear thet performance was a condition precedent to performance of other terms by the other party, the commercial necessity for that characterietic might he

parties."
Those were two authoritative

self-evident.
But in other situations the issue whether or not e particular term wes a condition must inevitably involve a value judgment about the commercial significance of the term in

question.
Where the parties hed not given any express indication of their intentions in that connection, the court must consider whether or not they had done so by necessary implication from the nature, purpose and circumstances of the contract. In Bentsen v Tuylor [1893] 2 QB 274 Lord Justice Bowen said "There is no way of deciding that question except by looking at the contract in the light of the surrounding circumstances, and then making up one's mind whether the intention of the parties as gathered from the instrument Itself, would best be carried out by treating the the countertrade PBG was only a matter of relatively small sum of money. After December 18 the buyers had an irresistible claim against the sellers for a deposit of 3 per cent of 60 per cent of the stowed value of the sugar. If it had been claimed the huyers would clearly have been entitled to set off the sum against the sellers' claim for damages fur failure to open the letter of credit. That would heve provided the huyers with a perfectly adequate remedy for the sellers' breach.

promise as a warranty sounding only in damagee, or as a condition precedent."

That had been approved in the House of Lords (see Bunge v Tradax [1981] I WLR 719).

In the present case there was only one factor in favour of the view that the sellers' obligation to give the countertrade PBG was e condition. That was the fact that it was to be performed within a definitive time.

But there were many promise as a warranty sounding

within a definitive time.

But there were many transactions in which provisions as to time were unt of the essence of the contract.

Unless the term had the effect of a condition precedent to some other aspect of the contract, or had already been classified authoritatively as e condition in other contexts, "the courte should not be too ready to interpret contractual clauses as conditions" (per Lord Wilberforce in Bunge v Tradax).

On the other hand Lord Wilberforce also said that in suitable cases the courts should not be reluctant, if the parties'

not be reluctant, if the parties' intentions so indicated, to hold that an obligation had the force of a condition; and that "they should usually do so in the case of time clauses in mercantile contracts" contracts."

If there was no specific guide to the correct solution to a particular dispute, the court might have no alternative but to follow Lord Justice Bowen's general statement in Bentsen v Taylor by making a value judgment about the commercial significance of the term in

Glying due weight to the fact that the countertrade PBG obligation was a time clause, everything nevertheless pointed way from the conclusion that the obligation was to be classified as a condition.

lt was not a condition precedent to anything under the express terms of the contract, and there was no reason for concluding that it had that character by implication.

It did not relate to the main and immediate transaction, but to another one which not to be

arbitrators' award was restored. Lord Justice Lloyd gave a concurring judgment. Lord Justice Butler-Sloss agreed. For the sellers: Bernard Riz QC

wrongful repudiation.

and Angus Glennie (Sinrloir Roche & Temperley). For the buyers: Anthony Diamond QC and Geraldine Andrews (Ince

Rachel Davies

APPOINTMENTS

Glaxo Pharmaceuticals new managing director

■ Mr Sean Lance has been appointed managing director of GLAXO PHARMACEUTICALS, a UK. subsidiary of the Glaxo Group. He succeeds Dr Franz Humer whose election to the board of Glaxo Holdings was reported on June 14.

The current regional responsibilities of Mr Lance as a regional director have been re-organised. Dr Alistair Stokes, managing director of Glazo Laboratories, a UK operating subsidiary of Glavo Pharmaceuticals, will become a regional director responsible for South East Asia (China, Hong Kong, Malaysia, the Philippines, Singapore, Sri Lanka, South Korea, Taiwan and Thailand).

Mr Ken Windle, managing director of Glazo Australia Pty, also becomes regional director responsible for New Zealand, Indonesia and South

THE UNITED BANK OF KUWAFT has appointed Mr **Andrew Pointon as assistant** general manager responsible for treasury and fund management. He joins from Bank of America where he was senior vice president responsible for international treasury and foreign exchange.

Mr Geoff Holt has been made a director of FULTON PREBON STERLING.

Mr Raymond Goodali has been appointed a director of HAVELOCK EUROPA. Mr Goodali is managing director of Nottingham Shopfitters, the shopfitting operation which Havelock Europa bought from Boots in July 1988.

E LYNX GROUP, an electronics specialist, has appointed Mr Stephen Hinchcliffe as its chairman. Ha was formerly chairman of Data Memories, a company acquired by Lynx in March shortly after the acquisition of Russet Instruments. Mr Keith Nagel, the former chairman, has resigned to pursue other business

Mr Eddie George, chairman of Russet Instruments, has been appointed chief executive in place of Mr David Taylor who has resigned as a director of Lynx but who will remain as a consultant. Mr Andrew Hartley has also been appointed to the board of Lynx. Mr Michael Porter, a non-executive director of Lynx.

has restened. GARTMORE FUND MANAGERS has appointed Mr Duncan Trinder as a fund manager on its UK desk with responsibility for larger stock growths. He was a senior pension fund manager with Bankers Trust Investment Management.



Mr Christopher Fish (above) has been appointed to the new-post of chief executive of LEO-POLD JOSEPH's operations in Guernsey. He was deputy managing director of RBC (Channel Islands).

Mr Ron Dexter has been appointed managing director of A1 PACKAGINGS (SOUTHERN), Crawley. He was sales director.

■ WALTHAMSTOW BUILDING SOCIETY has appointed Mr Peter Brierley as assistant general manager (finance). He was accountant.

Sir David Nicholson has

joined the board of

SOUTHERN WATER. Mr A.G. Weller has been appointed to the new post of group financial controller at STURGE HOLDINGS. He was financial controller of R.W.

THE WINE AND SPIRIT **ASSOCIATION** has elected Mr Bernard J. Ryan (Courage) as president and Mr Alastair G. Eadie (International Distillers & Vintuers UK) as

■ Mr Richard Hargresves (managing director, Baronsmead) has been appointed chairman and Mr Robert Drummond (director, Electra Investment Trust) becomes vice chairman of the BRITISH VENTURE CAPITAL ASSOCIATION.

■ UNIBIT (HOLDINGS), Bradford, has appointed Mr Emyr Hughes as a non-executive director. He is a director of Kleinwort Benson Development Capital.

Mr Mike Tagg has been appointed a director of R.P. MARTIN DEPOSITS.

■ BLUEBIRD TOYS has appointed Mr Terry Crew as sales director of Merit Toys from July 1. He was national account manager at Bluebird Toys. Ms Nicola Basham has been appointed head of group marketing at Bluebird Toys. She was marketing director for girls toys at Hasbro Bradley

Mr Frank Goddard has been appointed vice president of information systems and technology for the MAXWELL/ MACMILLAN group. He was information systems director of Maxwell Communication Corporation.

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COMPANY NOTICES

The RTZ Corporation PLC

Notice of Rights issue

To Holders of Ordinary Share Warrants to Bearer

The Directors have decided to relies exproximately C486 million by a one for seven right, your of more Ordinary Shares on the register of brokers of Ordinary Shares on the register of because of business on 30 May 1999 and to holders of Ordinary Share Warrents to Beaver,

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slips on profit taking

THE DOLLAR succumbed to a retain faith in the US unit and bout of profit taking vesterday, many expect an early assault finishing below Wednesday's on the DM2.05 level. elosing levels. The US unit moved firmer after the release of US trade figures, but failed to break through resistance at DM2.05. This apparent loss of momentum promoted many investors to realise profits made on the dollar's recent rise. There was also interven-tinn by the the US Federal Reserve which sold dollars

against the D Mark and yen. Earlier trading in Tokyo saw the Bank of Japan selling an estimated minimum of \$1hn in an effort to stem the dollar's rise. The Bank of England was also active selling dollars. The US unit opened on a firm note In anticipation of favourable trade figures. In the event, an April deficit of \$8.26hn was lit-tle different from market expectations, hut looked better after the March shortfall was revised to \$9.5-lhn from \$8.6bn. US exports were at a record high for the second month in surcession, despite the dollar's firmer tone.

In addition, US capacity utilisation in May fell to 83.8 per cent from 84.1 per cent, indicating a slight slowdown in economic growth. Despite the dollar's softer tone during the afternoon, most investors

June 15	Litex	Previous Once
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lt closed yesterday at DM2.0240 from DM2.0300, after touching a high of DM2.0480. The dollar retained a firmer tone against a weak Japanese yen, finishing at Y149.60 from Y149.05. Elsewhere, it slipped to SFr1.7475 from SFr1.7520 and FFr6.8675 compared with FFr6.8825. On Bank of England figures, the dollar's exchange rate index was 74.1 against 73.8 on Wednesday.

Sterling continued to lose ground but finished above the day's lows. Its exchange rate index closed at 90.5, up from a low of 90.3 hus down from 90.6 at the opening and 90.7 on Wednesday. The pound has now fallen over 2% per cent since base rates were increased to 14 per cent last month. UK average earnings in April rose by 9.25 per cent on

an annualised basis, unchanged from March and not quite as high as many analysts had feared. Attention will

now centre on UK retail prices for May, due for release today. A rise of 8.3 per cent or slightly less may reduce the pressure on sterling sufficiently for the authorities to avoid another

rise in base rates. The pound closed at \$1.5185 up from \$1.5150 but slipped in D-Mark terms to DM3.0725 from DM3.0750. It was higher against the yen at Y227.25 from Y225.75, hut elsewhere it fin-ished at SFr2.6525 from SFr2.6550 and FFr10.4275, unchanged from Wednesday.

The D-Mark continued to

improve against the yen, rising to Y73.91 from Y73.43 on Wednesday. The yen's weakness is explained partly hy a large redemption of Japanese Government bonds, and oversease recomments having been seas recipients having heen changing their yen receipts into dollars. The D-Mark was also firmer against the French franc, closing at FFr3.3930 from FFr3.3920. The Bundesbank's decision to leave interest rates unchanged had no effect on the

	MS EUF	OPE	AN CU	RRENCY	UNI	T RA	TES		
	English Franc 42 4562		Corrency amounts against Eco June. 15	amounts from against. Ecot central June. 15 rate 43.3757 +2.16 8.05427 +2.64 +0.67 7.03874 +1.81 2.33272 +0.57 0.775980 +0.99 1499.04 +1.04			% change adjusted for divergence Highl %		
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June 15	Day's spread		Close	Ose month	% pa	Three		%	
US Canada Netherlands . Belgium	1,4935 - 1,521 1,8965 - 1,821 3,44 - 3,461 64,05 - 64,50	5 1.83 3.44 64	00 - 1.5190 05 - 1.8215 55 - 3.465 20 - 64.30	0.59-0.56cpm 0.26-0.15cpm 2 \(\frac{1}{2}\) 1 \(\frac{2}{2}\) cpm 31-29cpm	4.54 1.35 6.94 5.60		82pm 4-6pm -91pm	5.06 1.97 7.01 5.79	

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Netherlands .	3.44 . 3 46 5	3.456 - 3.466	24·13/com	6.94	64-600				
Belgium	64.05 - 64 50	64.20 - 64.30	31-29cpm	5.60	95-91pm	S.79			
Denmari	17 60 - 17 69	11.95 - 11.96	4%-4% orepm	4.52	154-14 kam	5.04			
ireland	1 1420 - 1 1520	1.1505 - 1 1515	0.55-0.50ppm 13-14pfpm	5 47	1.50-1.40pm	5.04			
W Germany	3056 - 3075	307 - 307 2		7.08	5%-5½pm	7.24 -1.26			
Portugal	254.90 - 257.03 1% 25 - 197.85	255 50 · 256.50 197.00 - 197.30	5-52cds 3-11cds	0.12	77: 184db 8-26db	-0.34			
Spain	2213 - 22254	22205 - 22216	5-3lirepm	2.16	14-1290	2.34			
Norway	11.06 - 11.165	11.156 - 11.165	34-2%oreom	3.29	91.83	3.27			
France	10.36 - 10.43 4	10 424 . 10 434	45-45 oreno	516	143-134pm				
Sweden	10 284 - 10 365	10.32 5 - 10 33 5	212-21 arepar	2.83	83-7 cm	3.15			
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June 15 UKr	Day's spread 1.4935 - 1.5215 1.3050 · 1.3220 1.1975 · 1.2040 2.2715 · 2.3045	Close 1,5180 - 1,5190 1,3205 - 1,3215 1,1965 - 1,1995 2,2785 - 2,2795	0.cr month 0.59-0.56cpm 0.09-0.14cdls 0.30-0.34cdls 0.44-0.42cpm	4.54 -1.05 -3.20 2.25	Three months 1,94-1,90pm 0,01-0,11dh; 0,91-0,97dh; 1,16-1,12pm	5.06 -0.18 -3.13 1.99			
June_15 UKr	Day's spread 1,4935 - 1,5215 1,3050 - 1,3220 1,1975 - 1,2040 2,2715 - 2,3045 42,25 - 42,85	Close 1.5180 - 1.5190 1.3205 - 1.3215 1.1965 - 1.1995 2.2785 - 2.2795 42.25 - 42.35	0re month 0.59-0.56cpm 0.09-0.14crils 0.30-0.34crils 0.44-0.42cpm 4.50-3.00cpm	4.54 -1.05 -3.20 2.25 1.06	Three months 1.94-1.90pm 0.01-0.11dis 0.91-0.97dis 1.16-1.12pm 9.00-5.00pm	5.06 -0.18 -3.13 199 0.70			
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June_15 UKr	Day's spread 1.4935 - 1.5215 1.3050 - 1.3220 1.1975 - 1.2040 2.2715 - 2.3045 42.25 - 42.85 7.87 - 7.96 2.0170 - 2.9480 168.75 - 169.95	Close 1.5180 - 1.5190 1.3205 - 1.3215 1.1985 - 1.3215 2.2785 - 2.2795 42.25 - 42.35 7.87 - 7.871 ₂ 2.0235 - 2.0245 168.85 - 168.95	0.09-0.14cris 0.09-0.14cris 0.30-0.34cris 0.44-0.42cpns 4.50-3.00cpns 0.15pnr-0.10ods 0.45-0.42cpns 70-100cris	451 -1.05 -3.20 -2.25 -1.06 -2.56 -6.01	Three months 1,94-1,90pm 0,01-0,11dis 0,91-0,97dis 1,16-1,12pm 9,00-6,00pm 0,15pm-0,25dis 1,17-1,13pm 270-340dis	5.06 -0.18 -3.13 1.99 0.70 -0.03 -2.26 -7,18			
June.15 UKr	Day's spread 1.4935 - 1.5215 1.3050 - 1.3220 1.1975 - 1.2040 2.2715 - 2.3045 42.25 - 42.85 7.87 - 7.96 2.0170 - 2.0480 168.75 - 16-9 95 129.85 - 131.45	Close 1,5180 - 1,5190 1,3205 - 1,3215 1,1985 - 1,1995 2,2785 - 2,2795 42,25 - 42,35 7,87 - 7,87 \(\) 2,0235 - 2,0245 168 85 - 168,95 129,90 - 136,00	0.00 month 0.59-0.56cpm 0.09-0.14cnls 0.30-0.34cnls 0.44-0.42cpm 4.50-3.00cpm 1.55m-0.10ads 0.45-0.42pfpm 70-100cnls 50-6odts	4.54 -1.05 -3.20 -2.25 -1.06 -2.56 -6.01 -5.04	Three months 1.94-1.90pm 0.91-0.11dm; 0.91-0.97dm 1.16-1.12pm 9.00-6.00pm 0.15pm-0.25dm 1.17-1.13pm 270-34085 173-3483ag	% 9.4. 5.06 -0.18 -3.13 -0.70 -0.03 2.26 -7.18 -5.44			
June_15 UKr	Day's spread 1.4935 - 1.5215 1.3050 - 1.3220 1.1975 - 1.2040 42.25 - 42.85 7.87 - 7.96 2.0170 - 2.0480 168.75 - 169.95 129.85 - 131.45 1461b - 1479	Close 1.5180 - 1.5190 1.3205 - 1.3215 1.3905 - 1.3215 1.1995 - 2.2795 42.25 - 42.35 7.87 - 7.874, 2.0235 - 2.0295 168.85 - 168.95 129.90 - 130.00 14624 - 14634	0.eq month 0.59-0.56cpm 0.09-0.14cmls 0.30-0.34cmls 0.44-0.42cpm 4.50-3.00cpm 0.15cm-0.10cmls 0.45-0.42cpm 70-100cmls 50-60cmls 2.60-3.10freds 2.60-3.10freds	4.54 4.54 4.05 3.20 2.25 1.06 2.50 2.50 4.01 5.04 2.32	Three months 1,94-1,90pm 0,01-4,11dm 0,91-4,77dm 1,16-1,12pm 9,00-6,00pm 0,15pm-0,25dm 1,7-1,13pm 2,70-3,40dm 1,73-1,83dm 9,50-10,20dm	% p2. 5.06 -0.18 -3.13 1.99 -0.03 -2.26 -7.18 -5.44 -2.67			
June_15 UKr	Day's spread 1.4935 - 1.5215 1.3950 - 1.3220 1.1975 - 1.2040 2.2715 - 2.3045 42.25 - 42.85 7.87 - 7.9 2.0170 - 2.0480 168.75 - 169.95 129.85 - 131.45 14615 - 1479 7.33 - 7.38 6.844 - 6.944	Close 1,5180 - 1,5190 1,3205 - 1,3215 1,1985 - 1,1995 2,2785 - 2,2795 42,25 - 42,35 7,87 - 7,87 \(\) 2,0235 - 2,0245 168 85 - 168,95 129,90 - 136,00	0.59-0.56cane 0.09-0.14cats 0.30-0.34cats 0.44-0.42cpan 4.50-3.00cpat 1.15cm-0.10ads 0.45-0.42cpan 70-100cats 50-60cdts 2.60-3.10fredis 0.35-0.30can	4.54 -3.20 -3.20 -3.25 -6.04 -5.04 -5.04 -5.04 -5.04 -5.04	Three months 1.94-1.90pm 0.01-0.11dn; 0.91-0.17dns 1.16-1.12pm 0.15pm-0.25dns 1.17-1.13pm 2703-340ds 173-183dns 9.50-10.20dns	5.06 -0.18 -3.13 -0.70 -0.03 -7.18 -5.44 -2.67			
June_15 UKr	Day's spread 1.4935 - 1.5215 1.3050 1.3220 1.1975 1.2040 2.2715 - 2.3045 42.25 - 42.85 7.67 7.78 2.0120 2.6480 168.75 1.64 95 129.85 - 131.45 14615 1.474 14615 1.474 6.844 6.644	Close 1.5180 - 1.5190 1.3205 - 1.3215 1.1965 - 1.1995 2.2785 - 2.2795 42.25 - 42.35 42.25 - 42.35 1.68 85 - 168.95 1.29 90 - 130.00 146.24 - 146.34 7.344 - 7.354	0re moeth 0.59-0.56cpm 0.09-0.14cnls 0.30-0.34cnls 0.44-0.42cpm 4.50-3.00cpm 1.5pm-0.10odls 0.45-0.42cpm 70-100cnls 2.60-3.18fireds 0.30-0.30oreds 0.30-0.30oreds 0.30-0.30oreds	4.54 -3.20 -3.20 -3.25 -6.04 -5.04 -5.04 -5.04 -5.04 -5.04	Three months 1.94-1.40pat 0.01-0.11dts 0.91-0.70ds 1.16-1.12pat 9.00-6.00pat 0.15pat-0.25ds 1.17-1.13pat 270-340ds 1.73-1.83ds 9.50-10.20ds 3.25-3.55ds 0.70-0.60pat	5.06 -0.18 -3.13 1.99 -0.03 2.26 -7.18 -5.44 -2.67 -1.03			
June_15 UKr	Day's spread 1.4935 - 1.5215 1.3050 - 1.3220 1.1975 - 1.2040 42.25 - 42.85 7.87 - 7.940 1.68.75 - 169.95 129.85 - 131.47 7.33 - 7.38 6.844 - 6.944 6.794 - 6.87 149.00 - 151.80	Close 1.5180 - 1.5190 1.3205 - 1.3215 1.1905 - 1.3215 1.1905 - 1.3215 2.2786 - 2.2795 42.25 - 42.35 7.87 - 787 h 2.0235 - 2.0245 1.88 85 - 168 95 1.29 90 - 130.00 1.4624 - 140.34 7.344 - 7.354 6.86 - 6.87 6.86 - 6.87 6.86 - 6.87	Over month 0.59-0.56cpe 0.09-0.14cpls 0.30-0.34cpls 0.30-0.34cpls 0.44-0.42cpm 1.55m-0.10cpls 50-0.6cpls 50-0.6cpls 2.60-3.10Freils 0.80-1.05credis 0.35-0.30cpm 1.03-1.18credis 0.35-0.30cpm 1.03-1.18credis 0.35-0.30cpm	4.55 4.55 4.55 4.55 4.55 4.55 4.55 4.55	Three months 1.94-1.90pm 0.91-0.11dn 0.91-0.11dn 0.91-0.17ds 1.16-1.12pm 9.00-6.00pm 0.15pm-0.25ds 2.17-1.13pm 2.17-1.30pm 2.1	5.06 -0.18 -3.13 -0.70 -0.03 -7.18 -5.44 -2.67			
June_15 UKr	Day's spread 1.4935 - 1.5215 1.3050 - 1.3220 1.1975 - 1.2040 2.2715 - 2.3045 42.25 - 42.85 7.87 - 7.96 2.0170 - 2.6420 168.75 - 1.64.95 129.85 - 131.45 146.15 - 1.479 7.38 6.844 - 6.94 149.00 - 151.88 149.00 - 151.88	Close 1.5180 - 1.5190 1.3205 - 1.3215 1.1965 - 1.1995 42.25 - 42.35 7.87 - 7.87 - 42.35 7.87 - 7.87 - 42.35 1.68 65 - 168 95 1.990 - 130.00 1.4624 - 1.4634 7.344 - 7.354 6.864 - 6.87 1.47 55 - 1.99.65 1.47 55 - 1.99.65	0-er month 0.59-0.56ctne 0.09-0.14ctls 0.30-0.34ctls 0.44-0.42cpnt 4.50.3.80cpn 10.5em-6 10.0dtl 0.45-0.42ppm 70-1.00ctls 2.60-3.180redtl 0.50-60ctls 0.50-60ctls 1.05-0.60ctl 1.05-1.80redtl 0.35-0.50ppn 1.05-1.80redtl 0.35-0.50ppn 0.35-0.50ppn	454 456 320 226 450 450 450 450 450 450 450 450 450 450	Three months 1.94-1.90pm 0.91-0.11dh 0.91-0.70dh 1.16-1.12pm 9.04-0.0pm 9.05-0-0.75dh 1.77-1.3pm 270-3-00th 1.73-1.30ad 9.50-10.2bdh 3.25-3.55de 0.70-0.65pm 325-3.50de 4.88-1.85pm 7.60-6.10pm	5.06 -0.18 3.13 1.99 0.70 -0.03 2.26 -7.18 -5.44 -2.67 -1.88 -1.97 3.88			
June_15 UKr	Day's spread 1.4935 - 1.5215 1.3050 - 1.3220 1.1975 - 1.2040 42.25 - 42.85 7.87 - 7.940 1.68.75 - 169.95 129.85 - 131.49 7.33 - 7.38 6.844 - 6.944 6.794 - 6.87 149.00 - 151.80	Close 1.5180 - 1.5190 1.3205 - 1.3215 1.1905 - 1.3215 1.1905 - 1.3215 2.2786 - 2.2795 42.25 - 42.35 7.87 - 787 h 2.0235 - 2.0245 1.88 85 - 168 95 1.29 90 - 130.00 1.4624 - 140.34 7.344 - 7.354 6.86 - 6.87 6.86 - 6.87 6.86 - 6.87	Over month 0.59-0.56cpe 0.09-0.14cpls 0.30-0.34cpls 0.30-0.34cpls 0.44-0.42cpm 1.55m-0.10cpls 50-0.6cpls 50-0.6cpls 2.60-3.10Freils 0.80-1.05credis 0.35-0.30cpm 1.03-1.18credis 0.35-0.30cpm 1.03-1.18credis 0.35-0.30cpm	4.55 4.55 4.55 4.55 4.55 4.55 4.55 4.55	Three months 1.94-1.90pm 0.91-0.11dn 0.91-0.11dn 0.91-0.17ds 1.16-1.12pm 9.00-6.00pm 0.15pm-0.25ds 2.17-1.13pm 2.17-1.30pm 2.1	5.06 -0.18 -3.13 -1.99 -0.03 -2.26 -7.18 -5.44 -2.67 -1.85 -0.38 -1.97 -0.38			

June.15	Short	7 Days	Dne	Three	Six	One
	term	potice	Month	Months	Mouths	Year
Sterling US Gottar Can Dollar Can Dollar O Gattleer Sw. Franc Deutschmatt Fr Franc Authan Lire B. Fr [Finu 9. Fr [Finu 9. Fr [Coul 9. Krone 9. Acada SSing	75.75 67.64 75.75 81.89 75.75	174-124 914-914 914-914 121-14-14 674-68 121-18-8 18-8	19 11 7 7 8 11 11 11 11 11 11 11 11 11 11 11 11 1	14:14:14:14:14:14:14:14:14:14:14:14:14:1	148-14-2 9-1-11-3 11-1-11-3 7-1-11-3 12-3-11-3 8-1-3-3 9-1-3 9-1	145,144, 91,9 115,103, 76,774, 91,8,12 16,8,12 16,8,13 16,5,13

		2	CHA	NGE	CRC)SS 1	RATE	S		
June 15	1	5	DM	Yes	F Pr.	5 Fr.	H FJ.	Lira	C5	βF
s ·) 0 658	1.519 1	3 073 2023	227.3 149.6	10 43 6 866	2.653 1.747	3.460 2.278	2221 1462	1818	64.2 42.3
AEM Om	0 325 4 399	0.494 6.683	t 1350	73 97 1000	3,394 45.89	0 863 11 67	L 12% 15 22	722.7 9771	0.592 7.998	20 9 282
F Fr. S Fr.	0 959 0 377	L456 0 573	2 946 1 158	217 9 85.68	10. 3.93t	2.544 1	J 317 1 304	2129 837.2	1.743 0.685	61.6
H FI Ura	0 289 9 450	D 439 0 684	0888 ASC 1	65.69 102.3	3.014 4 69 6	0.767 1.195	1.558	641.9	0.525 9.819	提5
C 5 B Fs.	0.550 1.556	0 036 2.364	t 690 4 783	125 D 353 B	5 737 16.23	1 459 4.129	1 903 5 385	1222 3457	2.830	35 3 100

MONEY MARKETS

TRADERS IN short sterling on Liffe decided it was time to take profits yesterday, as rumours of a aharp rise in April UK average earnings proved unfounded. In a rather more relaxed mood the short sterling contract for September delivery rose to finish at 85.42

LIFFE E/S OFTENS £25,000 (cods per £1)

Estimated volume total, Calls 0 Pats 65 Previous day's open lot. Calls 200 Pats 1640 LONDON (LIFFE) Close Isigh Low Prev. 91-15 90-23 90-23 90-17 92-13 92-15 91-15 91-15 Estimated Volume 32575 (14708) Previous day's open inc. 24011 (25142) 7-10 YEAR 9% NOTIONAL CILT 550,000 32mb of 100%

Estimated Volume 0 (0) Previous day's open lat. 0 (0) Estimated Volume 4891, (1883) Previous day's open int., 7499 (71.46) led Volume 30058 (34552) s day's open lat, 40566 (3

Estimated Volume 1303 (536) Previous day's open list, 1014 (1002) 85.25 85.25 85.27 85.33 86.13 86.20 87.06 87.09 Est. Vol. floc. flot. not showed 42295 (33953) Previous day's open Int. 97990 (96982)

90.70 91.14 91.32 91.51 92.99 92.83 92.91 93.00 Estimated Volume 2873 (4448) Previous day's upon lot. 20053 (14907) Quee High Low Pres, 213.30 215.30 213.20 213.35 217.50 220.00 217.50 218.20 Estimated Volume 3570 (2030) Previous day's open let. 23691 (23625 POUND-S CFOREIGN EXCHANGE 1-mth, 3-mth, 6-mth, 12-mth, 1-5128 1.4993 1.4900 1.4477

MONEY MARKETS

London rates steady

THERE WAS little change in interest rates on the wholesale market in London yesterday. The underlying rise in April UK average earnings was lower than feared, but the market remained nervous ahead of today's UK retail prices index for May, amid forecasts that the year-on-year inflation rate could reach 8.5 per cent. Reaction to the US trade figures was muted, with senti-ment in London helped hy

UK clearlog bank base lending rate 14 per cent frem May 24

profit taking in the dollar, in nervous trading three-month sterling interhank closed virtually unchanged at 14,-14, per

The Bank of England ini-tially forecast a money market credit shortage of £300m, but revised this to £450m at noon. Before lauch the authorities gave assistance by purchasing £420m bills outright, via £49m local authority bills in band 2 at 13°, per cent and £371m bank bills in hand 2 at 13°, per cent. The central bank did not operate in the market during the afternoon.

Bills maturing outside official hands and a take up of Treasury hills resulted in a net surplus of £453m. This was offset by Exchequer transactions draining £655m, a rise in the note circulation of £65m and

bank balances below target of £50m.

in Frankfurt call money was steady at 6.45 per cent. A regu-lar council meeting of the West Germao Bundesbank left the discount rate at 4.50 per cent and the Lombard emergency funding rate at 6.50 per cent but speculation continued that the central bank may soon introduce a floating Lombard rate, in line with recent moves hy the Swiss National Bank. In New York the Federal Reserve drained money from

the banking system, via four-day matched sale and repurchase agreements, when Federal funds were trading at 934 per cent. had a firm tone, as an alloca-tion of funds by the Dutch Cen-

In Amsterdam interest rates trid Bank was seen as short of the moncy market's require-ments. The authorities allocated Fi 7.52ho at a rate of 6.8 per cent. against an expiring facility of Fl 7.17bn at 6.9 per cent. Call money rose to 6.87 per reot from 6.81 per cent and the three month rate increased to 7.27 per cent from 7.20 per

cent. In Paris the rise in call money to 9', per cent from 912 per cent was partly technical, as banks hid for funds at the end of an official Bank of France reporting period, but dealers also believed the French authorities were happy 10 see tighter credit conditions to defend the franc.

FT LONDON INTERBANK FIXING (11 00 a m June 15) 3 months US dollars offer 9% The fit log rates are the arritemetic means rounded to the nearest one-distrepth, of the bid and original rates for \$10m andred by the market to line reference banks at \$1.00 a.m. each working day The banks are itsaleand Westminster Bank. Bank of Tokyo, Densies Bank Bank and Mornam Genarate Times.

	R	IONE	Y RAT	ES					
NEW YORK		Treasury Billa and Bonds							
Luncht Ime Primerste Goker loan rate ed lunds	. tl . 10-եր կ	One month Two mooth , Three month Sir month One year Two year		8 35 Four 8 40 Five 8.31 Seven 0.51 10-ye	year	8.39 0.32 0.29			
June 15	Oversight	(lee Month	Two Months	Three Months	Six Months	Lombard			
Jamic Lurd Sarrich Lurisch Jamisch	6 40-6 50 91-91- 61-71- 68-7 60 411-43 121-121- 5 70 8-84	6.55-6.78 85-9 71-73-7 706-7.10 52-53- 11-125- 83-84- 84-84	6.78-6.85 83-9	6.85-7.00 83-9 74-71 7.18-7.28 53-54 124-124 84-83 94-95	7.00-7.15 812-914 9%-9%	650 7.25			

LONDON MONEY RATES									
June 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year			
erbank Oller erbank Bld	14	134	145	145	1413	14%			
rling CDs.	4 F 1	7512	14	14 2	141	145			
al Authorije Dess	1212	13	144	14%	145	145			
3 Authority Bonds	1 44.2		14	14%	145	144			
COUNT Mirt Georg	145	13	131,	l :		-			
BOARY Denosits	1 4	~	144	134	144	145			
ance House Deposits	1 - 1	-	144	14.5	141	145			
snrv Bills (Buy)	1 - 1	-	1348	175					
Ir Bills (Bay)	1 - I	-	1313	14	13.2	-			
e Trade Bills (Buyl lar CDs	4 - 1	-	1114 114 115 115 115 115 115 115 115 115	134 14 143	137				
R Linked Dep Otfer	ı - 1		9.35	9.25 83	9.10 I	9 00			
R Linked Dep Bid	1 - 1	-	8,4	85	8#	83 84 97 91			
J Linked Dep Offer	1 - 1	-	8.2	83-	84 84	Si			
Linked Geo Bid	1 - 1	-	812 915 813	9.2	91	9.2			
Cimed Des Bid	<u>. </u>	-	812	97.	اية	9.2			

one-mouth 131) per cent, three months 137g per cent, Treasury Bills; Average track of discount 13509 p.c. ECLO Freed Rate Sterling Export Frances Make up day May 31, 1989 Aprend rates for period June 2 1989 to July 25, 1989, Scheme 134,02 p.c. Schemes ii & W. 145 p.c. Reference in the rest of the sterling Export Frances Make up day May 31, 1989, Scheme 1980, p.c. Schemes ii & W. Authority and Finance Houses seven days indice, others seven days finder Finance Houses Sase Rate 133g from June 1, 1999 Bank Deposit Rates for some at seven days motion of the Finance Houses Sase Certificates of Tau Opposit (Series 6); Deposit Rates for some at seven days motion of open month 91g per cent; one-three months 11 per cent; three-sin months 11 per cent; under one month 91g per cent from December 1,1988, Deposits withdrawn for cash 5 per cent.

A rally in short sterling

compared with 85.33 on Wednesday. It opened at 85.28 and fell to

a low of 85.27 ahead of the average earnings data, but then rallied, on relief at the

Sep 10 30 44 1037 214 262

Estimated volume total, Calls 215 Pats 110 Previous day's open lot. Calls 2418 Pats 2613

BAN-STERLING & per £

LONDON MONEY RATES									
June 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year			
erbank Oller	14	134	145	145	1413	14%			
riina CDs.	1 : 1	7515	14	14 % 14 % 14 %	145	145			
ial Authori∤s Dens	1212	13	144	1 146	145	145			
Cal Authority Honds	!	حب	17	1948	14%	144			
COUNT Mikt Deat	1412	13	1312	ואנו		- :			
mpany Deposits .	1 - 1	~	14 🗐	146	144	145			
ance House Deposits asnry Bills (Buy)	4 - 1	-	144] 14.5	144	14 5			
nie Bills (Bay)	- 1	-	1333	134					
e Trade Bills (Buy)	<u>-</u>	-	116 116 14 6 9.15	134 14 145 9,25	13.2 14.1 9.10	-			
Har CDs	1: 1	-	14/2	143	14,4				
R Linked Dep Otfer	1 : 1		ر در ا	7.0	8.70 l	9 00			
R Linked Den Rid	1 : 1	- : 1	Big.	85	89	85			
U Linked Oca Otler	1 _ 1	1	83	83 93 94	84 84 94	81 97			
U Linked Dep Bld	3 - I	_	9) 8[3	35	7.5	63			

base level. This would discount economic news and the view that recent predictions of 16 a cash rate of around 14% per per cent hase rates may prove too pessimistic. The market is now waiting for today's figures cent at the time of delivery in September. Trading was active, with

on May retail prices, amid sug-gestions that if the year-on-September short sterling regis-tering over 35,000 lots. The West German Government year inflation rate does not rise bond was also active on Liffe, above 8.5 per cent there could trading over 30,000 contracts. September bonds rose to 95.14 from 94.86, as the Bundesbank be room for further profit tak-Support levels for the contract have been broken this week, but the market is now council meeting left official German interest rates looking at 85.20 as a possible

LIFFE IIS TREE

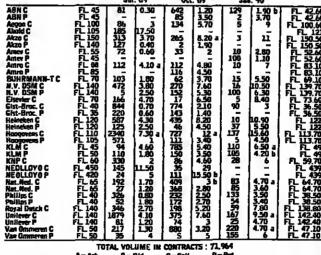
文469726 LUFFE SHORT STEEL INC.

Estimated volume total, Cath 205 Pats 295 Previous day's open Int. Calls 5486 Pats 5542. Aug 4.42 3.07 2.06 1.51 0.97 0.60 0.36

CHICAGO 96-04 96-00 95-27 95-31 96-01 95-24 92.54 92.82 Pres. 92.55 92.80 92.94 92.84 92.64

EUROPEAN OPTIONS EXCHANGE Asy, 89 Nov. 89 Feb. 90

Vol Last Vol Last Vol Last
62 3.50 24 10.50 - 126 1.90 51 7 287 1 150 4.80 10 10.50



TOTAL VOLUME IN CONTRACTS : 71,964
sk 8-8M C-Call P-PM C-Call

BASE LENDING RATES

Cours Bk. N. East Co-operative Bank Courts & Co..... Cyprus Popular Bk..... Dunhar Bank PLG Adam & Company AAS - Alifed Arab BX Alifed Irish Bank Council Jawrie

Equatorial Bank pic.....

Enster Treat Ltd.

Francial & Ges. Bank.

First National Bank Pic.

Robert Frater & Plans.

Grobank. Bank Credit & Cororo Bank of Cypras Bank of Ireland Bank of India ... Back of Scotland Hambrus Bank ... Heritable & Ges low Bok Hitl Samuel . Brown Skipley
 Business Witte Tist
 Cl. Bank Medic land
 Central Capital
 Chartertones Bank
 Citibank Ma.
Citibank

Rorthern Bask Ltd 14
Rorwick Gen. Trust 14
PRIVAThanken Linsted 14
Provincial Bank PLC 15
R. Raphael & Sons 14 156 14 United Bt of Kowait 14 United Mizzahi Gask 14 Unity Trast Bank Pic 14 Western Trast

Leopold Joseph & Sons 14
 Lluyds Bank 14
 Mechani Bank 14
 Mechani Bank 14
 MicDoured Daugias Bak 14
 Middan Bank 14
 Mortgage Egyres Ltd. 213.75
 Mort Banking 14
 Rot Bl. of Krinalt 14

Westpac Bank Corp. 14
Whiteaway Laidlaw 14
Yorkshire Bank 14

The latter has been underwritten by Kleitwart Berson Limited. App ade to the Council of The Stock Exchange in London for the new Ordinary the leased to be admitted to the Ordinary Libitation of Council Coun seasofold be extension to text classes. The lighter of Ordinary Share Warrants to Board may claim their righte it Holdens of Ordinary Share for overy soron Ordinary Shares for overy soron Ordinary Shares for overy soron Ordinary Shares of 10p each head of the over the state of the over the

The Company's Regist 0 St. James's Square London SWIY 4LD The Company's Transler Office: Central Registration Limited

Coupon indogement forms for this purpose and copies of the circular leater to shattenholders dated 30 Mer; 1969 (the "Circular") are syntlative at the above offices.

Provided that lodgement is stack bulers 3,00pm (London lines) or 5,10h; 1999, a
renounceable Provisional Allichard Letter for the new Cofficary Shares together outh a copy of
renounceable Provisional Allichard Letter for the new Cofficary Shares superher outh a copy of
the Circular, will be lessed as storn as possible thereafter. The Provisional Allichard Letter will
be lessed in the same of the person specified in the Coupon lodgement form provided that shall be lessed in the new of appear to be a citizen of resident of the United States or Canadia.

New Cofficient States activitizable to holders of Ordinary Share Warrants to Bearer
in respect of which a Provisional Allichard Letter is not cleamed by 5 July 1999 and which can
be said in the material to a rast presume by reference to the other price with seld of which can
1998 be held for payment against lodgement of Coupon Ru. 60 to the addresses shown above.
Forces for this purpose will be available on or after 17 July 1989.

F. S. WIGLEY Secretor

At a meeting of the Board of Directors held today, the following dividends were declared. ORDINARY SHARES

A quarterley dividend of nimeteen cents (19c) Canadian per share on the outstanding Ordinary Shares, psychie on July 28, 1989, to holders of record at the close of business or June 27, 1989.

PREFERENCE SHARES A stati-enoual dividend of 0.92 per Canadian Dollar Preference Share a Sterfing Preference Share on the outstanding Preference Shares in respect payable on July 28, 1989, to holders of record at the close of business o BY ORDER OF THE BOARD.

D.J. DEEGAN VICE-PRESIDENT AND SECRETARY MONTREAL, June 12, 1989

> Financial Information Servica on Japanese Corporate Issuers **MIKUNI'S** CREDIT RATINGS on about 4,000 bond issues and about 1,000 short-term notes

To Mikusi & Co. Ltd. Dar-Ichs Mori Bullding 12-1. Niets-Shimbests 1-che Minato-ku, Tokyo 105, Japan or Tolex J33118 Plaase send further Information Nama Address

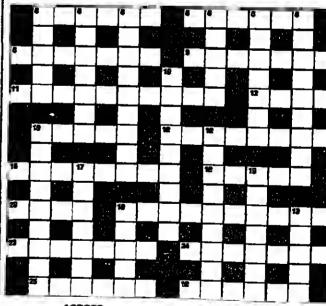
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Jun. 1755/1764 -11 Jun. 2126/2136 -12 Jun. 2493/2505 -21
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Prices taken at 5pm and change is from previous close at 9pm

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CROSSWORD

No.6,961 Set by DINMUTZ



ACROSS 1 Released on bail in old England (6) 4 A means of dating vehicle,

4 A means of dating vehicle, fine in France (8)
8 Leather straps attached to a jumper, for example (7)
9 People are up for this cup (7)
11 Toest, in a way, is a feature of those who overest (6,4)
12 Shadow of train (4)
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13 Rebel fighter? (5) 14 Wrap up when tea's served (8) 16 Barrenness of some capital

areas (8)
18 Gold sovereign? (5)
20 Radar signal from a satellite (4) 21 Cheese and crushed pear in

23 Space at end of flight or passage (7) 24 Oriole, a lower sort of flier

(3-4)25 A great hunger settled (6) 26 Venerate a US night-rider

 Texan mission, mostly fashionable (5)
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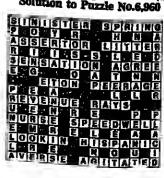
8 In respect of deliveries, there is strict OBE alloca-tion (9)

5 Flower sweet in the air? (5)
6 Capital investment for a father (7)
7 Maintains US inshore installation (6)

7 Maintains US inshore installation (9)
10 At last, one is at work! (9)
13 Battle-helmet (9)
15 Army signals? (9)
17 Slow worker, like Gray's ploughman (7)
19 Merest trickle of dead river

(7) 21 No craft for stormy ocean

22 Sweeping Elgar variation (5) Solution to Puzzle No.6,960



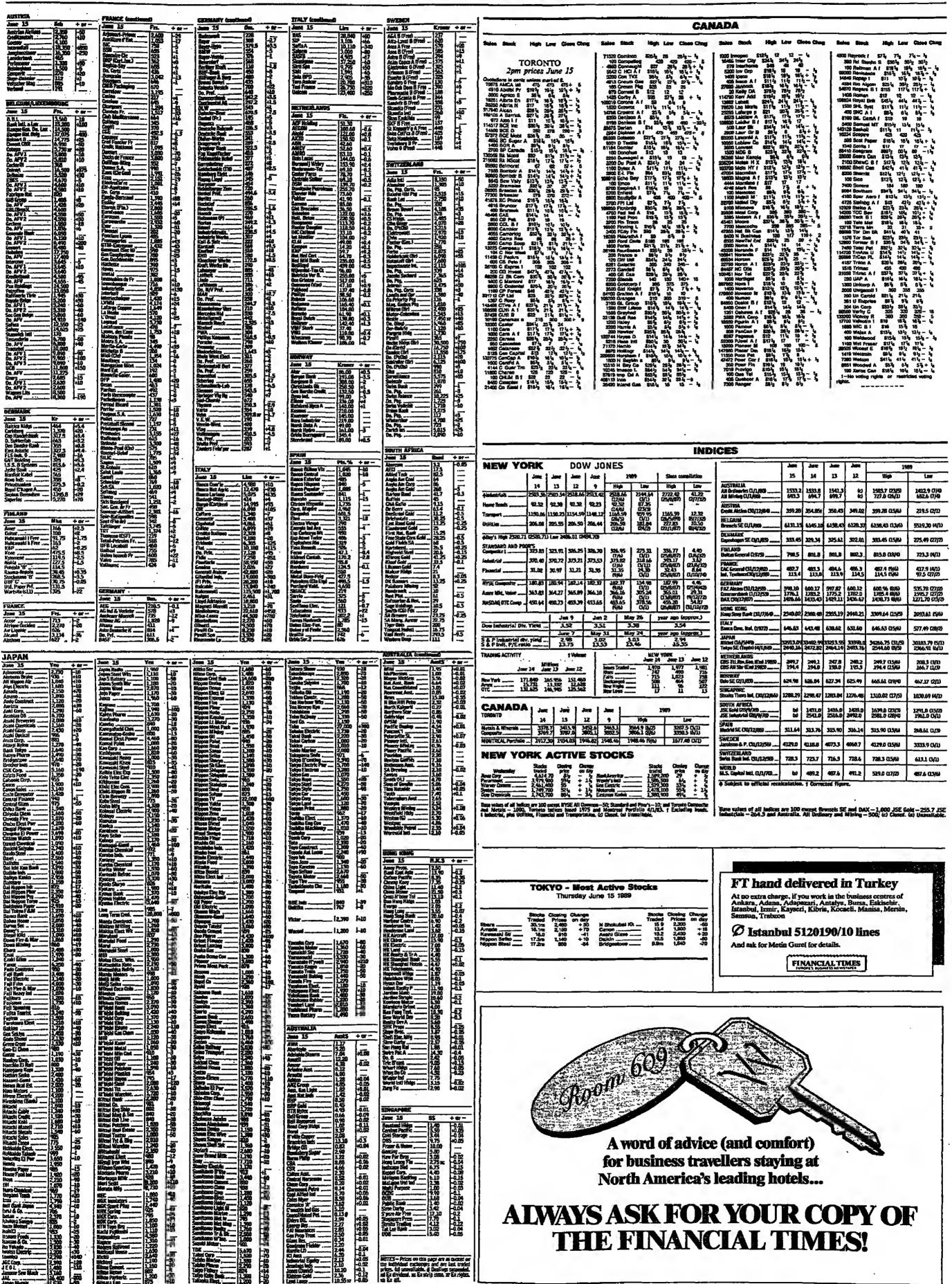
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WORLD STOCK MARKETS



THE FINANCIAL TIMES!

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Weaker dollar and bonds increase pressure on Dow

Wall Street

THE SELLING in the equity market intensified yesterday as the dollar and bonds succumbed to profit-taking, writes

Janet Bush in New York. At 2pm, the Dow was quoted 32.84 points lower at 2,470.52 on moderately active volume of 103m shares. The Treasury's benchmark long bond was quoted % point lower, taking its yield up to 8.23 per cent and at midsession the dollar was quoted sharply below earlier highs of Y151.85 and DM2.0475 at Y149.40 and DM2.021.

The US currency had soared in an immediate reaction to news that the US trade deficit had narrowed to \$8.26bn in April, around where economists had expected. However, a months and expected. However, a combination of profit taking, reported intervention by the US Federal Reserve and disappointment in the upward revision to the March deficit comblned to puch the dollar substantially below its highs. The March deficit was revised up to \$9.54hn from \$8.56bn previously reported.

Stocks were lower from the beginning of the session but selling appeared to be exacerbated by the downturn hy bonds and the dollar. Equity traders said that developments in other markets had far more impact on stocks than the economic figures themselves.

Also released yesterday were figures which confirmed a deceleration in the economy in

dence of stronger growth ear-lier this year than previous releases had suggested. In May, industrial production was unchanged, again in line with expectations, and capacity usage fell by 0.3 per cent.

The stock market was also concerned with volatility connected with today's triple witching hour when stock index futures index and stock

index futures, index and stock options expire simultaneously, and with today's release of the May Consumer Prices Index which is expected to have risen

which is expected to have risen by 0.5 per cent.

In the background to this week's equities slide has been the emergence of concern over the outlook for corporate prof-its as the economy slows. This has replaced optimism about economic sluggishness derived from a belief that interest rates would be allowed to fall.

economic suggestness derived from a belief that interest rates would be allowed to fall.

Blue chip issues were weak yeeterday. Philip Morris slumped \$1% to \$139%, Boeing, whose 737-400 planes have been grounded, fell \$1% to \$50 and IRM dropped \$1 to \$100%. IBM dropped \$1 to \$109 %.
The vicious triangle of Time,
Warner and Paramount contin-

Warner and Paramount continued to attract interest. Time inc fell \$3\% to \$172 amid speculation that the company's board may be considering a possible tender offer for Warner Communications in order to fend off a hostile bid from Paramount. Warner surged \$1\% to \$56\% while Paramount slipped \$\% to \$56\% w

Hilton Hotels continued to rise on takeover speculation, gaining \$2% to \$96% by mid-

NYSE volume 1 2 5 6 7 8 9 12 13 14 15 June 1989

Monsanto jumped \$2% to \$106% on news that the company and its G.D. Searle subsidiary had reached a settlement with some of the individuals who had filed law. suits against Searle over its Copper-7 inter-uterine device. Terms were not disclosed but Monsanto said there would be no materially adverse effect on its finances.

Canada

WORRIES over the strong US dollar and higher oil prices put pressure on Toronto stocks which slid downwards in morning trade. By midsession the composite index had dropped 28.5 to 3,741.2 on volume of 15.3m shares. Volume was low ahead of Friday's

Italian surge sustained as hefty turnover continues

FOR the third day running, ltaly was the star in Europe, with a mixed picture elsewhere, writes Our Markets

where, writes Our Markers
Staff,
MILAN continued its surge
on the first day of the July
trading account in very heavy
volume worth L350bn, but
slightly helow Wednesday's
huge L460bn. The Comit index
rose 3.15 to 646.63 in its 10th
consecutive rise.

rose 3.15 to 646.63 in its 10th consecutive rise.

"Trading was very lively, very good on the first day of the account, with people looking to build up positions," said one analyst. Settlement day is August 1. Some profitaking surfaced in late trading, mainly hitting the textile, financial and food sectors.

Fiat continued to draw demand, ending at L10.250 in

demand, ending at L10,250 in after hours trade after closing FRANKFURT came off after

Wednesday's gains, as the FAZ index again failed to make a significant break above 600. t's trying to go better but three things this week have stopped it: the US trade figures and the Bundesbank meeting today, and the European elec-tions this weekend," said one trader. "There are buyers

about but they're just holding off till the results come out." The dollar's climb to DM2.04 was also creating a hack-ground of uncertainty about interest rates, although the Bundesbank yesterday left rates unchanged. After the US trade figures, German shares tried to raily in after hours trading, but a fall in US bonds and Wall Street's losses put paid to the attempt.

The FAZ index closed 2.16

lower at 598.01 and the DAX shed 6.77 to 1,426.66 in moder-Utilitles had a mixed day

y [100}....

NATIONAL AND REGIONAL MARKETS

Finland (26),

Italy (97).

Japan (455).

Mexico (13)..... Noiherlend (42)

New Zealand (24)... Norway 126)....

Singaporo (26)..... South Africa (60)...

Switzerland (57). United Kingdom (314).....

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The World Index (24351...

after recent strength. Veba shed DM1.70 to DM309.80 and RWE loet DM2 to DM311 in profit-taking, but Viag added DM4.80 to DM339. Speculation persisted that it was interested in taking over Preuseag, unchanged at DM309. PARIS suffered yet another

slow day, with shares initially moving slightly lower and then being pushed further by Wall Street's weakness.

Volume was thought to be similar to Wednesday's FFri.9bn and the OMF 50 index lost 2.52 to 496.74 while the CAC 40 index was off 5.91 at 1,739.74. The opening CAC General shed 0.6 to 482.7.

BSN eased FFr1 to FFr655 in reasonably heavy trading of 60,000 shares. The company announced the purchase of Greek brewer Helias. Vallou-rec, steel products maker, lost FFr8 to FFr424 00 profit-taking after Wednesday's rise.

Accor came off FFr2 to FFr713 after a speculative run.

The hotels group denied it was talking to Trusthouse Forte of the UK about a link-up. Oils were again weak.

Epeda, car seat manufacturer, jumped FFr88, or 6.8 per cent, to FFr1,390 amid speculation some of the "white knight" shareholders who

stepped in when the company was under attack from Valeo might be thinking of selling. zuricht be thinking of selling.
Zuricht finished higher in
lively trading after sentiment
improved at midsession. Lower
prices after Wednesday's
weaker close and a lower opening triggered huying which
centred on Industrials.
Advancee were led by registered shares of the main chemical companies. The Crédit

ical companies. The Crédit Suisse index rose 3.8 to 598.4. AMSTERDAM suffered from early Wall Street losees and

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135.88

most stocks fell from highs. The CBS tendency index closed up 0.7 at 188.4. Steel stock Hoogovens ended

its long rally in epite of another day of heavy options-related turnover and early gains following the announcement of a 42 per cent profit rise for British Steel. It closed 20 cents down at F1113.70.

Heineken, most actively traded after Hoogovens, again benefited from the warm weather, up F13.60 at F1 122. BRUSSELS was mainly unchanged in moderate trading with the focus sharply on blue chip retailer GIB. Chased by foreign investors, it firmed BF18 to BF11,408 on heavy turnover of 44,000 shares. Non-farrous metals group

Hoboken, where output is being seriously disrupted by a pay and conditious strike, closed unchanged at BFr17,600. In strong chemicals, UCB, which on Tueeday said it expected a first half net consolidated profit similar to the BFr664m in 1988, added BFr150 to BFr11,800.

to BFr11,800.

MADRID saw further profittaking and the general index
lost 2.09 to 311.64, with domestic inflation figures expected
today. Banks were mostly
weaker, and in constructions
Asland continued to tumble, losing 170 percentage points to 1,500 per cent of par. STOCKHOLM edged to a record for a third day. Current

account data suggesting the economy was overheating seemed to bave no impact. Trading in Esah was suepended pending an announcement on Friday. Its free B-shares rose SKr15 to SKr445 on Wednesday. Free B-shares in Asea, the largest shareholder in Esah, climbed SKr10 to SKr485

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TUESDAY JUNE 12 1966

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SKr10 to SKr585.

Gross Div. Yield

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FT-ACTUARIES WORLD INDICES Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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Madrid was again the trading hot spot in Europe last month, writes Alison Maitland N CONTRAST to the heatweve enjoyed by much of

continental Europe last month, the pace of equity trad-ing on most bourses failed to warm up until the very last The strong dollar cast a

ehadow, feeding anxiety about inflation and monetary tightening snd cooling investors' ardour, while a series of spring holidays dampened activity. The notable exception was Spain, which for the eecond month running showed the hig-gest rise in volume among the bourees covered. Turnover

climbed 19.5 per cent from its level in April to Pta 616.5hn, a jump of 47.5 per cent over May 1988, according to figures from County NatWest WoodMac. Foreign buying was up by at east 25 per cent on its levels in the previous two months, with French and German investors reported to be showing the

greatest interest, and this

spurred share prices from one new 1989 high to another, The sector that attracted most demand was construction. Takeover speculation and the Government's road and railway building programme sent cement company Asiand and similar stocks sharply higher. Property and utility shares were buoyant, and the month was also marked by the

trading debut of Repsol There was a brief bout of nervousnese about Spanish inflation, but the April rise of 0.3 per cent was lower than expectations, allowing the market to regain its momentum. Dutch turnover showed the largest fall in May, dropping 19 per cent to Fl 144bn. Yet that was nearly double the dismal turnover of Fl 7.3bn eeen in

Amsterdam suffered mainly in comparison to April – a month that saw a surge in speculative activity and corpo-

EUROPEAN EQUITIES TURNOVER Monthly total in local currencies (bn) 72.4 124.0 69.3 Belgium 66.0 Germany 14,080.0 13,925.6 16,507.6 17,266.4 Italy Netherlands 17.4 367.6 13.7 345.0 14.4 17.8 14.9 Spain Switzerland

Volumes represent purchases and sales. Swiss and Belgian data estimated. Italian data adjusted to include off-market

West WoodMac rate news. In May, trading was subdued by the political uncer-tainty that followed the col-lapse of the coalition Govern-ment. Dutch stocks were also hit by persistent nervousness about US inflationary pressures and the threat of a rise in West German, and thus Euro-

Spanish sparkle puts bourses in the shade

pean, interest rates West Germany, Switzerland

cent and 2.7 per cent respectively, and were preoccupied with interest rates for most of the month. There was a hrief respite on May 18 when the Bundesbank decided not to increase the Lombard or dis-

count rates, but the strength of the dollar soon returned to haunt investors.

Then, in the last few days of

trading, the attitude towards the dollar changed and inves-tors began to pile into stocks with high export earnings that were expected to benefit from the strength of the US cur-

وَ إِنْ فِي اللَّهِ مِنْ اللَّهِ اللَّلَّمِ اللَّهِ الللَّهِ اللَّهِ اللَّهِ الللَّمِي اللَّهِ اللَّهِ اللَّهِ الللَّهِ الللَّهِ اللَّهِ اللَّهِ اللَّهِ الللَّهِ اللَّهِ اللّ

rency.

If turnover seemed dull compared to April, the improvement over activity a year ago was striking, with West Germany up 98 per cent, France up 31 per cent and Switzerland up 21 per cent.

Telle's trading volume harely

Italy'e trading volume barely changed last month compared with April, which in turn had with April, which in turn han shown little improvement over March. The insolvency of two etockhrokers, which delayed April settlements, and the fall of the Government kept trad-ing in the deldrums.

Belgium, on the other hand, enjoyed a 10 per cent pick-up enjoyed a 10 per tent para-up in activity, bossted by strong company results, dividend stripping and interest in the steel and chemical sectors.

Yen fall triggers biggest one-day equity drop

THE YEN'S steep fall against the dollar yesterday battered the Japanese equity market and share prices suffered their higgest single day loss this year as the Nikkei average dropped 489.90 to 32,913.09, writes Michiyo Nakamoto in

Tokyo.
The Nikkei, which had started the day on a relatively firm note, fluctuated between a high of 33,524.56 and a low of 32,913.09 before closing below the 33,000 mark for the first time since April 24. The Nikei is now 4 per cent below its

time since April 24. The Nikkei is now 4 per cent below its all time high of 34,266.75, reached on May 31.

Declines greatly ontnumbered advances by 692 to 234, with 149 issues unchanged. Volume remained singgish with 665m shares changing hands compared with 514m on Wednesday. The Topix index of all listed shares also suffered a share loss of 32.66 points to sharp loss of 32.66 points to close at a low for the year of 2,440.16 and in London the ISE/ Nikkei 50 index fell 9.21 to

Share prices were moderately higher in early trading as investors continued Wednesday's trend of selecting issues related to specific themes.

The mood turned sour, however, when the yen slipped below Y150 to the dollar for the first time since August 17, 1967.

first time since August 17, 1987. The Y150 level had often been cited by market analysts as a psychologically important bar-

If the dollar would only stop rising there are ways for the market to recover," said Mr Shin Tokol at County NatWest But until some kind of stability returned to currency markets it would be difficult for equi-ties to rebound, he said, adding: "There is no sign that it (the dollar) is going to stop

The dollar's strength has led to a substantial outflow of domestic institutional funds to US equities and bonds and turnover on the market has been severely hurt in the past few weeks as institutional

SOUTH AFRICA

GOLD stocks closed easier in quiet trading. Turnover was thinnest in the morning as the gold price slid but atocks picked up a bit later in line with bullion. Platinum issues followed the same pattern as the platinum rice. the platinum price improved through the day.

Among heavyweight golds, Veal Reefs loet R9.50 to

DOLLAR INDEX

1989 Low

128,28 92,84 125,73 124,67 165,35 125,81

112.57 79.56 86.40 74.97 166.28 143.35 110.63 62.84 139.92 124.57 143.14 136.45 87.81 133.28 112.13

200.11 185.03 245.26 122.22 78.02 196.39 161.98 144.85 156.17 162.00 79.76 153.33 133.36

143.71 86.65 122.33 125.61 131.65

139.11 97.73 77.89 106.50 139.31 69.76 174.35 144.22 170.64 107.39 83.02 126.82 122.20 130.57 162.06 123.33 61,00 138.76 111.69

109.90 116.43 170.53 146.29 112.43

91.99 124.51 145.44 131.77

investors have kept a low pro-file. Yesterday even individual investors who had been sup-porting the market by buying on margin were said to have lost patience. Those who had bought stocks in the large capital steel, construction and property sectors at fairly high prices when the market was on

an uptrend were reported to have sold to cut their already while most analysts saw no signs of a possible near-term recovery, the consensus was that external pressures on the market would ease, possibly in the summer or attumn when the market would be the the terms of the terms. the yen was likely to turn higher on a slowdown in the US economy and lower US

interest rates.

Buying interest was mostly confined to specific issues that were bought on favoured market themes, particularly the environment. Ebara, the maker of pumps and air blowers that has risen recently on the strength of its environment-protection technology, was the most actively traded share with 30.1m shares. It rose Y70 interest rates. with 80.1m shares. It rose Y70 to a new high of Y2,580 during the day but closed up Y30 at

Amada, a manufacturer of

metalworking machines, added Y70 to Y2,150 in the second most active trading of 18.1m shares. Investors favoured the npany's good business per-

losses on the yen's weakness and rising interest rates. Kawa-saki Steel, third on the vol-umes list with 18m shares, lost umes list with 18m shares, lost
Y41 to Y910. Nippon Steel fell
Y34 to Y900 in heavy trading.
Large capital steels and
other former market leaders
were sold heavily in Osaka.
The OSE average dropped
198.52 to 32,000.56. Volume was
higher at 65.7m eheres against
51.5m on Wednesday. Mitsui
Real Estate lost Y80 to Y2,340.

Roundup

HONG KONG found little to motivate trade and fell back again while among the other Asia Pacific markets Australia was dull and Singapore suc-cumbed to profit-taking. HONG KONG drifted lower during a sluggish session. Trading was at its lightest since early May with turnover sliding to HK\$917m, tiny com-

pared to the daily levels which topped HK\$3m just after the turnoil began in China.

The Hang Seng index ended 40.46 down at 2,340.02. There is still a lot of ner-vousness in the market tied to all the political uncertainty," an analyst said. In spite of the continuing

unease, the market remained steady around midday after the Chinese authorities issued a warning against "interference" by Hong Kong citizens.

Swire A, the most actively traded stock, shed 40 cents to HK\$14.30, followed by Hutchison and Hongkong Land which eased 10 and 15 cents, respectively, to HK\$8.05 and HK\$7.30. Property stocks showed the deepest decline as overseas investors continued to take a

investors continued to take a bearish view in anticipation of a downturn in the colony's overheated real estate market. AUSTRALIA turned its attention to an advance by Western Mining and a sharp drop in the News Corp share price during an otherwise lack-histre day. ustre day. Western Mining added 8

cents to A\$5.24 on turnover of 3.5m shares with rumours circulating that an attempt was being made to build a reasonable holding in the company. News Corp was down 55 cents at A\$15 after trading in

from A\$15.50 to A\$14 a share. High interest rates and caution before the release of domestic and overseas economic data restrained the mar-

The All Ordinaries index fell 0.6 to 1,533.2. Turnover was meagre 79m shares worth

SINGAPORE closed lower across the board as hesitant investors, mainly smaller players, moved in to take profits after recent gains. Falls in Tokyo and on other overseas markets also dampened senti-

index shed 10.18 to 1,288.29 after climbing by more than 91 points in the past four days, Turnover slipped to 83m shares from Wednesday's 91m.

Interest centred on warrants, property stocks and Malaysian speculative issues.

TAIPEI continued its upward trend as the weighted index added 105.06 to hit a record of 9,848.57. However, investors became hesitant during late trading in the face of the 10,000-point psychological

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121.70 155.61 194.72 164.22 133.73 105.29 137.65 162.77 146.04 148.65 126.50 112.63 137.95 162.35 142.54 112.79 96.30 111.93 142.49 138.06 137.88 114.51 114.86 151.50 153.05 137.75 131.59 105.27 106.63 137.32 136.10 135.63 124.76 110.15 149.76 158.78 139.40 129.69 97.27 112.71 139.35 135.29 134.84 121.84 134,83 Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987 Latest prices were unavailable for this edition.